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ONTARIO

ROYAL COMMISSION ON BOOK PUBLISHING

Mr. Richard Rohmer, Q.C., Chairman.

Mr. Dalton Camp, Commissioner

Dr. Marsh Jeanneret, Commissioner

Mr. Robert Fleming Executive Secretary

Hearing held at 252 Bloor Street W.,
Toronto, Ontario.

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Tuesday, April 13, 1971

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SUBMISSION BY

Mr. B.D. Sandwell, President	Burns & MacEachern Ltd. Publishers
Mr. Robert Miller, Book Steward and Mrs. W.G. Vine, Literature Department	S.C.M. Book Room
Mr. T. Osborne, President, Mr. C. Buhler, Executive Board Member and Mr. T. Wilde, Executive Board Member	Toronto Graphic Arts Labour Council
Mr. John Fisher	Author
Professors W.B. Hamilton, F.H. Armstrong, and Stevenson	University of Western Ontario, Department of History
Mr. Sam Stewart, Editorial Director and Mrs. J. Whitteker, Editor	Quill & Quire

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S U B M I S S I O N . N T

Mr. S.D. Sandwell, President	Burns & Macdonald Ltd. Dominions
Mr. Robert Miller, Book Steward and Mrs. W.D. Vine, Literature Department	S.C.M. Book Room
Mr. T. Osborne, President, Mr. C. Mahler, Executive Board Member and Mr. T. Wiebe, Executive Board Member	Toronto Graphic Arts Centre Central
Mr. John Fisher	Author
Professors W.R. Maclean, F.H. Armstrong, and Stevenson	University of Western Ontario, Department of History
Mr. Sam Stewart, Editorial Director and Mr. G. Whitaker, Editor	Gazette & Globe

Toronto, Ontario,
April 13, 1971.

---The hearing commenced at 10.00 a.m.

THE CHAIRMAN: Well, ladies and gentlemen, this morning is the opening of the hearings of the Royal Commission on Book Publishing. I thought it might be useful for the record at least to read the Terms of Reference of the Commission. They are as follows:

"to conduct an examination of and report upon

(a) the publishing industry in Ontario and throughout Canada with respect to its position within the business community;

(b) the functions of the publishing industry in terms of its contributions to the cultural life and education of the people of the Province of Ontario and Canada;

(c) the economic, cultural, social or other consequences for the people of Ontario and of Canada of the substantial ownership or control of publishing firms by foreign or foreign-owned or foreign-controlled corporations or by non-Canadians."

The public hearings will be conducted, we hope, informally, as informally as possible. It is our intention to deal with this whole matter of public representations on the basis that these

hearings will not be adversary hearings. It is our role as a Commission to examine the publishing industry at large for the purpose of these Terms of Reference but not on the basis that someone has done some wrongful act. Rather, we want to inquire into and obtain as many facts about the problems of the industry and to ascertain what opinions people have in connection with the solution of those problems and generally to have an overview, if you will, of the industry throughout the country.

The Terms of Reference relate to Canada. It follows, however, that this Commission is an Ontario Commission and, therefore, can sit officially only in Ontario. On the other hand, it is recognized that for the most part the English language publishing industry in Canada is located in Ontario and for the most part in, or close to, Metropolitan Toronto.

It is our intention in the future to make inquiries elsewhere throughout Canada but in a way which must be deemed to be informal.

Now, we will also ask those who are presenting briefs if they could touch upon the highlights of their briefs. I think it is fair to be able to assure a person such as Mr. Sandwell who is going to open this morning that the Commissioners have reviewed the formal brief which has been submitted and if it is possible, sir, if you can in some way summarize I would ask you. We will not ask you to summarize unless you feel you are able to do so,

but we would be obliged if you could present your brief and then we would like to have the opportunity of asking questions.

The first person to appear is Mr. B.D. Sandwell, President of Burns & MacFachern Limited, publishers in Ontario and throughout Canada.

MR. SANDWFLL: Thank you, Mr. Chairman. As the owner of a relatively small Canadian publishing house which imports British and American books for sale across Canada and at the same time carries out a Canadian publishing program we represent a group which is now facing increasing problems of survival in the Canadian book market.

I am not sure that there is any solution to some of our problems because in part, I think, they are a reflection of the growing tendency we see on all sides towards a concentration to very large, multi-national corporations taking over business activities in all industrial and commercial areas. In other words, we have to accept the fact that there are some advantages to the large, multi-national corporations which already today dominate the Canadian book publishing field and no amount of shoring up, subsidies or legislation can or should, I think, stop this trend because it would simply be putting the clock back. I do feel it is in the interests of Canada generally that some Canadian publishing houses should continue to exist and I feel there are some ways in which a

more congenial climate for survival might be worked out in the interests of maintaining the growth of the Canadian book industry.

In my brief I have touched on only one or two main points where I feel that this could be helpful.

One of the problems that faces the relatively small family-owned Canadian publishing house is the difficulty of financing. Book publishing is an industry which requires a lot of capital. You have to have capital reserves to undertake the manufacture of a book which requires an investment, sometimes two or three years, before the series or the book comes on the market. It is becoming beyond the capability of family-owned firms to find the necessary capital to do the projects that are required today and I think that this Commission perhaps can be helpful in recommending not outright subsidies, not outright grants but the provision of loan capital against Canadian manufacturing costs. This is the thing which I think we need above all.

In my brief I have touched also on one other area which is of particular concern to the relatively small Canadian publisher and this is the fact that traditionally we have relied very heavily on the Canadian library market. By "library market" I mean public libraries, the university libraries and the school libraries and over the past five years we have seen a study erosion of this market

because an increasing number of libraries, particularly the university libraries, have found that it is more convenient and they claim cheaper, although this is something that I think most publishers can dispute, more convenient to deal with one jobber. I understand that it is simpler to place one single order with a jobber rather than to make out 28 or 30 independent or separate orders for individual publishers. But the real problem is that a substantial part of the university library orders are not going to Canadian publishers or even to Canadian jobbers: they are going to American jobbers outside of this country and this is a problem which is hurting Canadian publishing houses and in a lesser degree it is hurting the multi-national corporations which have set up Canadian subsidiaries in this country because they are losing business through this growing trend to make library purchases with jobbers in New York, Chicago or elsewhere -- out of the country.

Mr. Chairman, those are the points which I dwelt on in my brief because they stood high in my pre-occupation with the problems which face the small Canadian publisher.

THE CHAIRMAN: Thank you, Mr. Sandwell.

MR. JEANNERET: Well, Mr. Sandwell, on the first couple of pages you characterize yourself as a publisher of Canadian books and you very frankly -- and I think the Commission welcomes

this frankness -- indicates what your last year's sales were. IF we define Canadian books as books offered by Canadians do you mind giving a rough idea of the proportion of your $1,200,000 that would have been of Canadian books last year? I don't expect it to be high but I just want to get this in perspective, that is all. It is an estimated figure, I presume.

MR. SANDWELL: Yes, Mr. Chairman, and I think it runs between 15 and 20 per cent of our total business.

MR. JEANNERET: And the rest of your sales were presumably of imported books, not of other Canadian books?

MR. SANDWELL: That is right.

MR. JEANNERET: Do you mind commenting on the rationale that lies behind the principle and decision to drop an agency out such as your own and open his own subsidiary company? This is to clarify the reasons behind this economically.

MR. SANDWELL: As the market for books in Canada expands it becomes increasingly attractive for a large American or British publisher to move into the Canadian market in a more direct way than entrusting his books to an agent. Even if the agent has been doing a reasonably good marketing job for him he still feels that by giving an exclusive marketing agreement to an agent in Canada his books are only one of six or seven or, in some cases 20 or 25 other lines and, therefore, he knows

that they are not going to get as much individual attention, that the marketing impact cannot be as thorough, the penetration won't be as great as if he develops his own sales force to work only with his books. That is one point.

The second point is that most large international corporations are now becoming interested in the possibility of producing Canadian books in certain areas and they know that with the best will in the world the agent is not going to do as good a job of soliciting manuscripts as he can himself. It stands to reason because in the first place if he finds a particularly attractive manuscript he is going to think of publishing it himself. In the second place, he has an obligation to anywhere from 5 to 20 principals and he can't move forward all the manuscripts that he uncovers to any one principal or even any one or two without the others feeling that they are being neglected.

So that the second feeling that the large corporation has about moving into Canada is that he will undoubtedly be in a better position to get the most attractive manuscripts that are becoming available. And I think in the third situation there is this very natural feeling that if you are a large corporation with an international reputation, your prestige in the international book market almost calls for you to move up into Canada and set up your own organization. It is a question of here is a big market, a growing market, and you should be in it. I think these are the main reasons.

MR. JEANNERET: Thank you. I just wanted to see that in the record, those comments. On page 4 you take an intereresting line when you say:

> "There is already a temptation to publish mediocre books which return little of no profit to the publisher and insignificant royalties to the author, because this country has only a limited number of really talented writers . . ."

and so on and so on. Are you saying in effect that any increase beyond the existing level of publishing of Canadian authors in this country must inevitably reduce the average quality of Canadian publishing?

MR. SANDWELL: No, I wouldn't go that far. That is an extreme statement, but I do say that if all of us who are still primarily dependent on the imported book for our sales volume made the decision that perhaps the agency system is on its last legs and will shortly be obsolete and that the only alternative for the agent is to move heavily into Canadian publishing, I do say then that there would be such a scramble for the limited number of first-class manuscripts that are produced in any one year in this country. There would be so much competition and a tendency to drive up royalties and to offer special inducements to the established authors that they would have an unhealthy situation where most publishers would nto be able to cover their overheads on the Canadian books that they might produce.

MR. JEANNERET: They would grow too rapidly?

MR. SANDWELL: Exactly.

MR. JEANNERET: Would you like to comment and possibly explain, if you can, the phenomenon of the recent emergence, if not rise, of a very large number of Canadian independent publishers? Of course, all Canadian publishers began as small independent publishers over the years, but there has been a phenomenal upsurge of small independent houses in recent times.

MR. SANDWELL: I think you are talking about what we call the young publishers or the new publishing group, I presume. Yes, this is a most interesting development and one which everyone should welcome. Why have they come into the market when there are already old established publishing firms who are interested in producing good Canadian books? I think they have come in because they represent a new generation, a new outlook, because they are younger, they are more closely in touch with the younger authors, because they didn't live through a depression and they are not nearly as cautious as those of us who are middle-aged and have struggled through very hard years. They are willing to take chances that the old established houses have not been willing to do. They fill the need that the well-established houses have not been meeting. I think, speaking as an older house, we have only ourselves to blame for this.

On the other hand, they have moved into an area of publishing which is not commercial in the sense that they are publishing younger poets, avant-garde material which no doubt deserves to be published but without Canada Council subsidies and without external support of some kind, this kind of publishing will not sustain them over the long haul. The more cautious and more conservative

publishers who have had to live through good times and bad are aware of this, so that I think it needs to be said that, while this young group has come up with some really first-class books, some books that the older publishers ought to have brought out under their imprint, they are going to run into more serious trouble because they have not yet developed a marketing organization which will sustain them over the next few years of growth. In the beginning, when you are a very young publisher, the book sellers and the librarians and authors are willing to put up with the fact that you are putting your books out from literally a basement, that you have no real service organization and that you have no trained salesmen going across the country. Authors will put up with you happily for a year or two, but once you begin to grow and once your volume goes over, say, half a million, then, there is more pressure on these young firms to increase their sales staff, to do a better and more thorough marketing job, to set up a proper service department and warehousing, and this is where the cost will come, because once these overheads begin to build, unless you have a fast-rising, steady volume -- not just a success intermittently -- the overheads will put them under. So that while the actual creative publishing being done by these young publishers is excellent, I don't think they

have yet solved the serious marketing problems that they will have to face as they grow.

MR. JEANNERET: Thank you, Mr. Sandwell. You commented in your summary on the losing of university library business by Canadian jobbers and suggested it was more acceptable than channelling through foreign jobbers. Would you be good enough to define what a Canadian jobber is and enlarge on that a little as background for us?

MR. SANDWELL: Mr. Chairman, as far as I am concerned, a Canadian jobber is one who has an establishment in this country and who buys when the books are available, through Canadian publishers.

MR. JEANNERET: Whether a Canadian book or foreign book, of course.

MR. SANDWELL: It may be a subsidiary of an American or British corporation. If they have set up in Canada and are good corporate citizens and they buy their books through the normal Canadian channels, then I would class them as Canadian jobbers.

MR. JEANNERET: One other question, Mr. Sandwell. You confess, on behalf of the industry, if not your own firm, in your brief, to the poor degree of service that is provided by publishers in Canada to Canadian libraries. This is a statement I am quoting you. On what basis, then, do you support your first recommendation

which you give on page 10, and that is that the Commissioners should urge Canadian librarians to make more effort to purchase their books through Canadian channels? How do you reconcile the two?

MR. SANDWELL: I implied, and perhaps I should have put it in more concrete terms, that a corollary of urging Canadian university libraries to buy in Canada is the Canadian publishers should pull up their socks and make a determined effort to improve their service, and this is why I used the term "recommend" or "urge", rather than "legislation". I am not in favour of any kind of actual legislation which forces librarians to buy in Canada because I think they have to have, as a last resort, the alternative of buying in the world market if they find that they can't get their books from Canadian publishers at a reasonable price and within a reasonable time of ordering.

MR. JEANNERET: Thank you very much, Mr. Sandwell.

MR. CAMP: I get the impression -- as the head of a firm, Mr. Sandwell, or otherwise -- I would like to have you confirm it or otherwise, what you state on page 6, the problems are caused substantially by their own Canadianism. Would you say many of the problems industry has today is because of bad judgment or bad

management?

MR. SANDWELL: Most of my colleagues would agree with me, but I would say I agree that the difficulties, most of the difficulties which we are suffering today, we have brought on ourselves and it is up to us to improve our own marketing efficiency, to learn to work together, rather than continually struggle as individuals to overcome marketing problems which really require concerted action by the industry. I do believe that the crisis situation that is on us now is largely of our own making.

MR. CAMP: May I ask you this, Mr. Sandwell: Do you have a family-owned business?

MR. SANDWELL: Yes, I do.

MR. CAMP: I take it in this you are not alone in the industry?

MR. SANDWELL: No, there are a number of other firms which are family-owned.

MR. CAMP: Can you elaborate on the ultimate problems that creates?

MR. SANDWELL: Yes, I have thought about it a great deal. I have often said that if I were considering buying an agency house today instead of six years ago, I would not do it. That does not mean to say that I am unduly pessimistic about the future. I think there will be a number of firms which

will go under in the next five years. The trend is definitely away from the agency house which does no Canadian publishing. I am sure of this and I think only the efforts of the combined agents in the Canadian publishing houses will survive. The advantages are definitely with the large international corporations. There are numerous advantages which the small independent Canadian house cannot hope to compete with successfully. Therefore, he has to select those areas where he feels he can compete on more or less even terms and I think he has got to be a very good businessman to survive at all.

MR. CAMP: How about the impact of succession duties and so on?

MR. SANDWELL: I am not happy about this. I certainly feel that the present tax legislation and the succession duties in particular do legislate against the family-owned business and have been responsible for the tremendous number of privately-owned companies which have been sold over the past ten years because it is difficult to provide for succession duties. It is difficult to see your way through to the next generation.

MR. CAMP: Do you think this could be helped by special legislation?

A SPEAKER: I can't hear the question.

MR. SANDWELL: I am sorry.

MR. CAMP: The question in this regard was, would it be reasonable to entertain the possibility of the question of legislation with regard to publishing?

MR. SANDWELL: No, I wouldn't ask for that, Mr. Chairman. This is a problem which affects all small and medium-sized Canadian-owned industries. If legislation is considered, it should cover all Canadian businesses. I see no justification for special legislation for the publishing industry.

MR. CAMP: A number of people are considering some kind of special legislation.

MR. SANDWELL: I can't feel that any special claim can be made for any segment of the industry in this respect.

MR. CAMP: Would you explain to me what is meant by the term which is used so often, "long term, low interest forgivable loan"?

MR. SANDWELL: Well, as far as I am concerned when you put in the word "forgivable" you are really talking about disguised subsidy and I want no part of it because I have stated in my brief and I am prepared to state again that once the industry begins to ask for direct hand-outs I don't care what you call them, inevitably you are going to have a degree of control that will go along with it.

MR. CAMP: Is the problem the interest rate or the problem the less money on the market?

MR. SANDWELL: It is the forgivable.

MR. CAMP: I understand that. In your brief you don't use the word but borrowing money now on a market do you find the rate discriminatory to the publisher?

MR. SANDWELL: Yes and when you consider what we have just gone through, a period of very tight money and high interest rates, if you have got a series that you desperately want to publish and there is a time schedule because it fits an upcoming alteration in a provincial curriculum or if you have got a really good manuscript that is going to be unusually expensive and you happen to be in the situation where we were a year ago where the banks were not anxious to extend their credit and even if you were able to

persuade them that this was a very sound venture you were paying anywhere from 8½ to 9½ per cent for it and it has to be a damn profitable venture before you can pay out this kind of interest and still have a reasonable margin of profit.

MR. CAMP: What would have been in those circumstances a reasonable rate of interest as far as being economical is concerned?

MR. SANDWELL: I consider a fair rate of interest as 4 to 6 per cent and we were double that for a while and it is quite possible we could go back into another period. But it was not only the interest rate: it was the fact that the banks were not simply anxious to lend us any more money and I think all of us in publishing had this experience.

MR. CAMP: So that, in fact, what you are saying is that the only stable reasonable sort of credit that you could have would be the government?

MR. SANDWELL: Yes, I think it comes down to this. I think this is the one area above all where the provincial or the federal government could really make a substantial contribution to the long-term health of the Canadian publishing industry.

MR. CAMP: Would it help or make any difference in the industry if the government guaranteed the loan?

MR. SANDWELL: Your question was,

would it help if the government guaranteed it? Well, it would help it if we could get the money at somewhat lower than the going rate of interest. It would be a mild help but it would be only part of the problem.

THE CHAIRMAN: So, to that extent, Mr. Sandwell, you look for some sort of government assistance or subsidy, if you will, against those interest rates which are on the open market?

MR. SANDWELL: Yes. I don't feel that this would necessarily involve the Canadian publisher who gets this kind of benefit in a degree of control over what he publishes and at the same time I don't feel that it would lead to the publication of inferior manuscripts or inferior books because he has still got to pay that loan back.

THE CHAIRMAN: I take it when you say "Canadian publisher" you mean the Canadian controlled publisher. Would this be the person to whom this loan would be available or would it involve any corporation whether foreign-controlled or otherwise? What do you mean by "Canadian publisher" in this context?

MR. SANDWELL: You present a very difficult question.

THE CHAIRMAN: Of course. Can you help us?

MR. SANDWELL: Again I am probably unique in this but my feeling is that when you cut

away any segment of the publishing business and provide special areas of support you are running into potential difficulties and if government legislation was passed to enable publishers to produce books and, therefore, to get a loan to make it possible to do this manufacturing I personally would make no distinction between a Canadian-owned house such as my own and the Canadian subsidiary of an international corporation.

THE CHAIRMAN: The question then can be put this way: There is a difference between the agency function of the publishing business and the actual publishing, is that correct?

MR. SANDWELL: Yes.

THE CHAIRMAN: Would the kind of subsidy you are talking about, the kind of involvement you are talking about by way of loan, could there be any segregation made between the agency publisher, so-called, and the in-fact publisher?

MR. SANDWELL: Yes, because I am suggesting that the loan I have been talking about should be against the manufacturing costs on Canadian books and I am not prepared to suggest that it should go beyond that.

THE CHAIRMAN: Right. Now, Mr. Sandwell, looking at your brief it appears to me to be somewhat critical, if you will, of the publishing industry in regard to service. In fact, that is one of the main thrusts of your brief is it not?

MR. SANDWELL: Yes, it is.

THE CHAIRMAN: What is it that appears to permit the kind of lethargy in service on the part of the Canadian publishing industry in the presence of what is apparently high competition from other quarters? What is it that allows this to occur in an industry of this kind which is in a competitive market? What do you think is the cause of it?

MR. SANDWELL: I can't explain it, Mr. Chairman, because all of us have lost heavily as a result of this lethargy. All I know is that it exists and one has only to go across the country and talk to librarians and book sellers to be given example after example, of terribly poor service and why it should be -- because God knows we have been warned, we have had sufficient examples of what may happen -- my own belief is that if we had been really determined to establish a well-organized and efficient Canadian jobbing organization I don't care under whose auspices five years ago we would not have seen the tremendous growth of a business going down to American jobbers. This has happened because there has been either a vacuum or an unsatisfactory situation in the supply of books in Canada. The American businessman and the British businessman, if he sees an opportunity he is going to move into it and our weakness and our fault was in allowing this opportunity to exist. Why we did it I can't tell you.

THE CHAIRMAN: I see. Is there any recommendation which you could make to this Commission which might assist us in making a recommendation in turn which would help to bring the industry together to address this particular problem on a joint basis?

MR. SANDWELL: Mr. Chairman, I think you would only underline and emphasize what has been said before which is, if we are to survive we must learn to work together and co-operate better to produce better marketing systems and not remain -- we have prized as individual firms too highly our right to go our own way and I think we are at a stage now where we have got to subordinate our individuality to a degree and work for the survival of the industry. By that I am not talking about any of those areas which are in contravention of the Combines Act: I am simply talking about working together to produce a better image and to give better service to our major customers, the libraries and the book sellers.

THE CHAIRMAN: To what extent do you consider that the, if you will, the foreign-controlled sector of the Canadian publishing industry is in trouble?

MR. SANDWELL: I don't think they are in trouble at all.

THF CHAIRMAN: Which section of the Canadian publishing industry is?

MR. SANDWELL: All the rest.

THE CHAIRMAN: And why do you think all the rest are as opposed to the foreign-controlled corporations not being in trouble?

MR. SANDWELL: Because, Mr. Chairman, we have been slow to react, I think, to the drive and initiative of the international corporations. We have consistently under-estimated their marketing ability, the speed with which they have been able to take over certain areas of our market -- I am talking specifically about the university library market and the school library market where whole provinces, whole segments of the market are rapidly going over to the American-dominated corporations. This is not a vast conspiracy: it is simply that on the whole I think they show more drive and initiative than we have.

THE CHAIRMAN: If, therefore, it is the Canadian-controlled segment of the publishing industry which is in trouble by your definition, would you recommend to this Commission that it should be giving its attention principally to that sector, the Canadian-controlled sector of the publishing industry with regard to its problems and recommendations which might be of assistance to it?

MR. SANDWELL: Indeed I would, Mr. Chairman, because this is a segment of the industry that is in trouble. The subsidiaries of American firms and those American firms whether they have subsidiaries or not who are already

heavily engaged in the Candian market are quite able to look after themselves, but it is the older established Canadian houses which have been slow to react to changing conditions which are in trouble at the present time.

THE CHAIRMAN: You mentioned in this regard that there was some discussion about agency operations which, for example, your firm might undertake for particular firms, either in the United States, the U.K. or elsewhere and when they got to a certain point, when you bring them to a certain point of sales, if you will, they then depart and they set up their own organization. Clearly from what you have said both in your brief and to us now, this kind of loss to a Canadian-controlled publishing agency firm can be very substantial, is that not correct?

MR. SANDWELL: Yes, it can. If you have only three or four principals and you lose two of them in one year you could be out of business.

THE CHAIRMAN: Do you consider there should be some kind of recommendation from this Commission which might inhibit the agency business leaving and going back into the subsidiary of the foreign-controlled corporation? In other words, should the agency business be controlled by Canadian-controlled corporations?

MR. SANDWELL: I would be absolutely against it, Mr. Chairman. I just don't believe that you can stop economic developments which are

dictated by technology and modern trends. This would be troublesome when the market is ready for a British or an American company. When they have developed sufficient sales to make a Canadian subsidiary viable then I think they should be free to come up and set up their own organization within the Canadian structure and I think that any legislation which would prevent that would be wrong and ultimately harmful to Canadian interests.

It may hurt individual companies, it may put some out of business, but business is a hazard and it has been perfectly obvious to all of us who are in the agency business that this trend is accelerating and it is up to us to find alternatives or to move into Canadian publishing gradually, or to remain within those areas which perhaps do not particularly conflict with the main business thrusts of the large American corporation. We have to work out our own survival or move into another business. I don't want any legislation which would attempt to give me a preferred place, or a sequestered market. I don't believe in it. I am an independent capitalist in that respect and if I am ultimately put out of business because I no longer have a function, all right, that is all right, I will go out of business.

MR. JEANNERET: I have one question, if I may. You made a very interesting remark a few moments ago when you referred to the fact that perhaps so many years ago it would have been desirable to set up an effective -- those weren't your words -- Canadian jobbing organization. You would be an excellent person to place on record the views of a Canadian publisher of both Canadian books and agency books to the Book Publishers' Coop experiment which lasted 16 or 18 years. Would you explain what it was and what, in your opinion, went

wrong with it? You won't be able to give all the answers, but I think we could have on record your views, which would be very helpful.

MR. SANDWELL: Well, Mr. Chairman, this is the saddest, the most tragic failure, I think, that Canadian publishing has been faced with, because the concept was right. The coop was founded in order that Canadian publishing houses would have under their own control and under Canadian auspices some kind of wholesale distributing organization which might compete with the very large and successful American jobbers. For some years it performed this function very satisfactorily, but in the period of tremendous growth in the early sixties it was not successful in adapting itself to changing market conditions fast enough to withstand the drive and the initiative of these American jobbers. You may ask why. I think the basic reason is that the management of the coop was hampered in its abilities to make changes in accordance with technology and the rapid alterations in the market because it was originally set up that each member had quite a say in how the organization should be managed and the directors who were elected to run the day-to-day operation each had an equal say and which was, in most cases, the head of his own publishing company and because they were competing actively in other areas it never

became an executive group with the cohesion and the ability to settle their individual differences to make basic decisions quickly in accordance with changing conditions. In other words, the management organization, if you like, which was created originally, did not work well in times of crisis. I don't think there is any point in blaming individual members of the management group. It was simply they were set in a mould which did not adapt itself to make far-reaching decisions in time to react to the competion. We were always defensive. We were always making changes too late, and as a final, last-ditch attempt to stave off competition that had already swept in, whereas we should have been anticipating these changes and taking steps to stop it before it actually engulfed us.

MR. JEANNERET: I suppose one of the basic problems was that it coordinated orders and gave service, but did not stock in-warehouse orders, is that so?

MR. SANDWELL: This would be a tragic mistake because, once you have got to a certain size it becomes increasingly difficult to offer good service when you were constantly sending out to 35 or 40 publishers for small individual orders of ones and twos. This should have been changed, but again we reacted too slowly. This is a very great tragedy and this is unquestionably one of the reasons why this

segment of the industry is in trouble today. They will feel the loss of the coop for a long time to come. It is created, it is recreated and is working again, and I think the new management, the new ownership probably will make changes and bring it into the forefront, but the loss of impetus and the loss of that organization at a time when so much business was being lost month-by-month to American jobbers was very serious and very tragic.

MR. CAMP: You describe the agency operations as publication of original Canadian books and the importing of foreign books. Do you export those?

MR. SANDWELL: Yes, with limited success. It is not easy to make an impact in the American or British market with a Canadian book. I don't think we are very good at it yet and it is encouraging to see that steps have been taken to improve the export of Canadian books, but I don't think one could say for Burns and MacEachern, or any other Canadian publisher, the export market has become vital or a large part of total sales.

MR. CAMP: Do you produce books such as in the textbook field on a subject that is not exclusively Canadian? Would you be wise to publish those in terms of benefit of export to the Canadian publisher?

MR. SANDWELL: To a degree it

depends on the type of book that you are writing. If it is a book on Canadian economic geography, you are not going to have a very large export market anyway, but if it is a book on general psychology, yes, there is a definite advantage in publishing with a large firm which has branches all over the English-speaking world.

MR. CAMP: Just one more question. You say again and again we are told of publishers' failures and you say unconscionably high markups prevail, You say you are told of that, but do you agree with it? This is in the textbook field.

MR. SANDWELL: It takes only one or two publishers who cannot see the handwriting on the wall and continue to markup American books, 20, 25, 30 per cent markup on British books 35 or 40 per cent, it only takes a few isolated examples to get the publicity and to give the general impression among our customers, librarians particularly, that most of us are profiteering in the marking up unduly. There are still isolated examples of markups which cannot be justified on any economics.

MR. CAMP: There is no way that the industry can police that?

MR. SANDWELL: So far, no, because, as I said before, we put a very high value on our ability to ruin ourselves as we want. We go our own way.

MR. CAMP: Thank you.

THE CHAIRMAN: Mr. Camp asked you about the texts. What about the trade book that was authored in Canada? What if the book was one which appeared to be highly acceptable and the author was one who had gained some notoriety? There are a few around. Where would this person go to have this book published?

MR. SANDWELL: I don't believe that in the case of the trade book it really matters to an author very much whether he has published by a native Canadian publishing house, or an international organization, because if the man has international stature and an international reputation, it will not be difficult to find publishers in Great Britain and the United States to take the book and market it. McClelland and Stewart has given many, many examples of how they are able to do this.

THE CHAIRMAN: How about manufacturing the book?

MR. SANDWELL: This is done sometimes too.

THE CHAIRMAN: Is this not one of the major factors that, if the book is taken in the U.K. or the U.S., that book is then manufactured there and, therefore, it gets the major distribution, rather than from Canada? Is that the way it goes?

MR. SANDWELL: It depends on how popular the book is and what quantities we

are talking about. If we are talking two or three thousand, it is hardly worth doing the printing, but if we are talking ten or twenty thousand, yes, that is so. This is a logical development and it would happen under any publishing circumstances.

THE CHAIRMAN: We appreciate very much your coming and talking with us. The brief was an excellent one and I classify it in my own terms as being most instructive and educational and your responses to our questions were first-class. As I say, we appreciate very much your effort and time and the wisdom that your experience brings to this Commission. Thank you very much, Mr. Sandwell.

MR. SANDWELL: Thank you, Mr. Commissioner.

THE CHAIRMAN: The next brief scheduled is Mr. Robert Miller of the Book Steward and S.C.M. Book Room. Is Mr. Miller here?

Mrs. Vine, I understand?

MRS. VINE: Yes.

THE CHAIRMAN: I wonder if you could approach the presentation in the usual manner and summarize. We have gone over your material and found it exceedingly interesting. Will you proceed?

MRS. VINE: May I read the resume?

Nethercut & Co. Ltd.
Toronto, Ontario

"The S.C.M. Book Room is a specialized book store which sells books to customers from academic and religious communities and general readers. It stocks and orders titles in philosophy, theology, art, music, literature, history, the social sciences, politics, economics, race, films, and drugs."

THE CHAIRMAN: I wonder if you would go a little more slowly and come up to that microphone just a little bit so the reporter can take it down. We would appreciate that.

MRS. VINE: "We try to maintain a current basic stock of these books and to have on our shelves useful reference works for high school and university students. We also order books that we do not usually stock for individual customers.

"We have difficulty with a number of Canadian publishers who act as agents for British and American books in getting prompt and accurate reports, good service, and fast deliveries. The brief indicates the difficulties that arise in these areas and the added inconvenience of working with

Nethercut & Co. Ltd.
Toronto, Ontario

the Canadian book publishers who as a group have no set standard of policy or practice.

"The brief includes recommendations for improved service and standardized procedures. It also urges Canadian publishers to publish more books with Canadian content by Canadian authors."

THE CHAIRMAN: These recommendations are found on page 17.

MRS. VINE: We understand that:

1. Canadian publishers co-operate together to set higher standards of performance and service and that they themselves enforce and regulate these standards.

2. That they adopt uniform policies, procedures, and discounts. There should be a standard returns policy and standard invoices.

3. That they take into consideration the requirement of the school and university year; that they try to anticipate and have available in the fall the books which are required on courses, and that they reprint titles and take inventory during the slack seasons so that books are not out of circulation for a long period of time.

4. That they be more helpful to the small book store which relies on single copy ordering by giving that order the same attention as the large bulk order and by allowing the same discount on the small order as the large one.

5. That they reconsider the amount of discount they give when selling directly to schools and libraries.

6. That they curtail direct selling of single copies to individuals.

7. That whenever possible forewarning should be given of large increases in prices.

8. That the book industry continue to urge the government to sign the Florence Agreement.

9. That publishers meet the need of a

growing market for works by Canadian authors in the areas of Canadian politics, economics, social sciences, history and literature. Canadian publishers should not attempt to duplicate already existing titles but should try to produce as economically as possible limited quantities of Canadian works in these subjects.

MR. JEANNERET: Would you mind telling me for my information just exactly what your organization status is? Who receives profits, if any? Who underwrites possible losses?

MR. MILLER: The book room is set up as a department of the Student Christian Movement and is covered by a committee. Any profits that are made have gone back into the business. The business has been entirely self-supporting from the beginning. We have made some loans to capitalize ourselves and pay the interest on these loans out of our profits and any profits that are made go back into increasing our stocks and salaries and trying to better our service

MR. JEANNERET: Does the S.C.M. underwrite your program or operation?

MR. MILLER: Literally, yes.

MR. JEANNERET: And are you a tax-paying organization?

MR. MILLER: Yes, sir.

MR. JEANNERET: To what extent do you compete with other book stores?

MR. MILLER: We compete with all book

stores in the city.

MR. JEANNERET: Why do you say as you do on page 4 that you sell 40 per cent discount trade books at 10 per cent off the net price -- I presume you mean the listprice and then you say, "except for mass-market paperbacks, which sell at full price". Why that latter policy on mass-market paperbacks?

MR. MILLER: It is only because they are cheaper in price and we do not extend our discount on them.

MR. JEANNERET: Do you not extend your discount on cheap books or is it the mass-market (paperbacks as such)?

MR. MILLER: The mass-market paperbacks as such. It is just that that is an easy category for us to deal with.

MR. JEANNERET: There is no policy on the part of the distributors that would embarrass you in any way if you did extend discounts on them?

MR. MILLER: No.

MR. JEANNERET: Because you are interested in mass-market paperbacks and distribution of mass-market paperbacks. You complain, possibly with great justification, about service by the agents for Canadian and British books. Precisely why do you deal with these agents? That is, do they offer any counter-balancing services or advantage at all? Why do you go to them?

MRS. VINE: I don't think we have a

choice. If an American publisher has a Canadian agent they will not sell directly to us. They would not handle our order. If you take, for example, exports from the United States we can only get from Thomas-Nelson in Canada. We used to order them direct from the American publisher but we cannot now.

MR. JEANNERET: You cannot get these books from jobbers at all?

MRS. VINE: Yes, we could.

MR. JEANNERET: Why don't you get them from jobbers?

MR. MILLER: Well, first of all, we are a Canadian book store and we are interested in operating here in Canada. Our relationships are with Canadian publishers and Canadian agents.

MR. JEANNERET: Does it have anything to do with the return privilege?

MR. MILLER: Well, it would if we came to consider it but we have not thought of that, that alternative to deal with jobbers.

MR. JEANNERET: You say that there is one American publishing company that accepts orders directly from you. Which American publisher is this?

MRS. VINE: That is Norton and their agents McClelland here in Canada.

MR. MILLER: Actually there are other publishers who have agents and also who deal directly.

MR. JEANNERET: On page 6 you make another interesting statement regarding mass-market paperbacks. Could you explain the economics behind your statement that"customers usually have to pay more for the books distributed through Canadian agents, with the exception of mass-market paperbacks, than they would pay if we imported them direct"?

MR. MILLER: Mass-market paperbacks are sold at the American price in Canada. The price is printed on the book in the United States which is also valid here. There is no mark-up on them.

MR. JEANNERET: What reason would you give for the practice of British and American publishers tending to use agents here in Canada? How do you explain the agency system?

MR. MILLER: Well, on the surface it should be the ideal way of operating. There is a company here which would have the books, which would have the information about the books they didn't have and wouldn be able to supply the customers in that way. It also would relieve the original publisher of having to deal with a flood of small orders. Any orders that we would send to a particular publisher would be very small and he doesn't want to have to be bothered with them. He would have one central distributor here in Canada to handle agent sales.

MR. JEANNERET: I am asking some of

these questions merely to get them on the record. Do you suppose that a standards return possibly which you advocate in your recommendation agreed to by all the Canadian publishers and publisher agents might be contrary to the Combines Investigation Act? You may not be able to answer that question but it would be a consideration I do believe?

THE CHAIRMAN: I think that is a matter of law which we can all take under advisement.

MR. MILLER: As it is at the moment we have two large boards that are about this high (indicating) on which there are maybe 100 or 150 different publishers that we deal with, every one of whom have different terms. Some you have to return after a certain time and others you cannot return after a certain time. We quite often get mixed up in dealing with this but it is a great deal of work keeping track of a thing like that.

MR. JEANNERET: I am painfully aware of this issue. In connection with your importing of books directly from abroad, what returns policy do you follow or what returns privileges do you normally have with respect to such books?

MRS. VINE: I don't think there is any return on them.

MR. MILLER: Sorry, most of the companies that we deal with abroad have very liberal returns policies.

MR. JEANNERET: But surely you find it a blessed nuisance to undertake returns of foreign publishers?

MR. MILLER: Yes, we do, and we do that much less readily than we would return books to a publisher here in Toronto.

MR. JEANNERET: So, this is a very powerful argument in favour of an ideal agency system?

MR. MILLER: That is right.

MR. JEANNERET: Have you any notion at all as to what percentage of your annual purchases you do return? Would you hazard a guess -- is it 6 per cent, 8 per cent, 12 per cent?

MR. MILLER: No, it would be 5 per cent or less I am sure.

MR. JEANNERET: On page 9 I didn't understand very well your sentence, "It is up to Canadian publishers to see that at least one edition of a book has rights and they should be able to advertise, when a new book is announced, which edition they will be stocking." It seems to me that this has not too much to do with it being up to Canadian publishers: it is up to the agents, or am I missing the point there? I am not too clear what it means when you say, "It is up to Canadian publishers to see that at least one edition of a book has rights". If they don't have rights, they don't have rights. You are raising the whole question of accessibility to a

1 particular book?

2 MR. MILLER: If I can refer to this

3 one book, this book which is mentioned here which

4 has been published in the United States and Great

5 Britain, neither of the Canadian publishers -- we

6 checked on this this morning -- the Canadian agents

7 for the two publishers, neither of them have rights

8 to sell the book in Canada.

9 THE CHAIRMAN: Is this an oversight?

10 Would it have occurred elsewhere than in Canada?

11 MR. MILLER: I don't know. Our problem

12 is that we have been trying to get the book and we

13 have tried to get it from both agencies and they both

14 say they have no Canadian rights. We have asked

15 both of them to check on it. This was two or three

16 months ago -- "Please find out why not". Surely

17 W.H. Auden can be sold in Canada. Neither of them

18 have any knowledge about why they can't sell the

19 book.

20 MR. JEANNERET: You can't lay that

21 on the shoulders of the original publishers. I

22 would expect the Canadian agents to force this to a

23 conclusion. I was just wondering why you were

24 placing the responsibility for the rights on the

25 Canadian publisher.

26 MR. MILLER: That may not be the

27 place to put it but from our point of view that is

28 the place. They are the ones who are dealing with

29 the book.

30 MR. JEANNERET: You talk about non-

standard catalogues as a special problem -- and I know it is -- but do you consider this a problem that is peculiar to the book industry and do you consider it a problem that is peculiar to the Canadian book industry in any way? This is more an observation on one of the vexations of being a book seller, is it not?

MR. MILLER: Right.

MR. JEANNERET: I don't think it is a-

MR. MILLER: It is not our concern about how people sell motor cars but it is our concern about how they sell books.

In our whole brief we are not trying to deny the Canadian agency sytem, we want to see it function better than it is functioning now.

MR. JEANNERET: Do you favour a net book agreement for Canada if it were legally permissible?

MR. MILLER: Yes.

MR. JEANNERET: And in one way would it require a change in your own pricing policy? I think that would be that you would not be able to give the discount you are giving?

MR. MILLER: Yes.

MR. JEANNERET: On page 16 you say, "customs can impose its own decision on what is classified as educational." Do you really mean that? Don't you mean certificates under 173051? I don't quite understand that customs can make its own decisions consistently -- a purely subjective

decision on the part of customs. It is a matter of whether or not the book is recommended to a university, college or school et cetera, et cetera. It is an objective categorization except on very fine points as to whether or not it is a dictionary or something like that.

MRS. VINE: This would seem to be the case but at the time this brief was being written up we actually did have a report from customs saying that they opened up one parcel to look at it and didn't see how it belonged to a university course, they said they wanted us to get a letter from the professor that the books were to be used on a certain course. That is customs imposing their own decision.

MR. MILLER: And we don't just buy or bring in books to sell, because they are on some professor's course. We may become aware of some things that we think we should have and that would be related and of interest that the professor has not even heard of and we go out and get these books.

MR. JEANNERET: I am interested in your final sentence:

"Canadian publishers should not attempt to duplicate already existing titles but should try to produce as economically as possible limited quantities of Canadian works in these subjects.",

and you have mentioned what the subjects are. Would you like to expand on that at all? I am not certain what the recommendation here is. Should there be one work on Canadian government and one work on ---

MRS. VINE: No. I wrote that part and I meant to say we don't need another edition of Tom Jones or Clarissa by Richardson. We don't need a separate Canadian edition of a classical work, for example. If there are already five or ten paperback editions, that covers the market. There is no point in a Canadian publishing house publishing another one, except for example ---

THE CHAIRMAN: You mean manufacturing and distributing?

MRS. VINE: Yes.

MR. JEANNERET: Would they tend to?

MRS. VINE: Yes, there are some school editions that are done here.

MR. JEANNERET: You are saying

you could have told them it was a useless investment?

MRS. VINE: That is right. There are exceptions and that is in the present editions of Shakespeare's plays which are based on Stratford productions here. That is particularly unique and worthwhile publishing. Otherwise, we don't need another edition of Shakespeare's plays.

MR. JEANNERET: In the marketplace, to get this thing into perspective and get top priorities first, the problem is the top priorities of all these.

MRS. VINE: That is also the case, but if Canadian publishers are hard put to find the money to get themselves going or make a profit or expand, there is almost no point in setting up a publishing of titles for which there is no market, and if they could prevent themselves from doing that and we find there is a market for Canadian works in areas I have mentioned here. People ask for them, even if they don't have the title or author. They will say "What do you have on?".

MR. JEANNERET: It has been suggested that publishers often succeed in publishing the wrong books first. That is their resources and that is an interesting observation. Thank you.

MR. CAMP: You are operating a

discount book store?

MR. MILLER: Yes.

MR. CAMP: You complain about the difficulty in getting delivery. What seems to be unreasonable delays, say, from Don Mills? Is there any suggestion in your minds, from the publisher's point of view, he may be giving you lower priority because of, let us say, book sellers who are selling books at the full price?

MR. MILLER: No, sir.

MR. CAMP: Is this characteristic?

MR. MILLER: Characteristic.

MRS. VINE: Britnell's Book Store has the same difficulties.

MR. CAMP: In other words, it is purely putting you at the mercy of the publishing house?

MRS. VINE: Yes.

MR. CAMP: That is really all I am interested in.

THE CHAIRMAN: First of all, to give you my reaction to your brief, it is a list of dismal complaints and a dismal list of complaints about service of the Canadian publishers. Is there any difference between the service which Canadian publishers give to you in the sense that they are local or Canadian co-publishers or the subsidiary Canadian publishers? Is the system of distribution just as bad?

MRS. VINE: I have tried to come

to some conclusions about this, whether any one gives any particular better service than another, but I can't see that it does, except for -- I mentioned in the brief both MacMillan and Random House. They are both subsidiaries of foreign-controlled publishers and they do a very good job of getting books out. We have probably had the most difficulty with the Canadian-owned publishers acting as agents.

MR. JEANNERET: On agency books, but on Canadian books ---

MRS. VINE: Their Canadian books can come almost as slowly. If the service is going to take three weeks, it is going to take three weeks whether it is American, Canadian or British books.

MR. JEANNERET: Surely the Canadian book is not out of stock.

MRS. VINE: That is true. The Canadian book would be in stock and the American book might not be.

MR. MILLER: What we are primarily saying is it is not a question of the book being out of stock, but it is a question of getting the book from the warehouse to us. Somewhere in the organization the mechanics or the guts of the organization falls down. They may do a good job of promoting the book, they publish the book, they promote it, but then somewhere in the mechanics of taking seriously

the inner workings of getting this thing out, that is where the Canadian industry seems to fall down.

MR. CAMP: What is your expectation about the time this should take?

MR. MILLER: Probably by experience I would say we should be able to have a book that is in stock in the City within the week.

MR. CAMP: Is this by correspondence? It is not a matter of being done by telephone?

MR. MILLER: It is not a matter of being done by telephone and, in the case of agent publishers, as we mentioned, there are about 25 or 26 publishers' representatives who visit us every week and take the orders. They come in to get the order. Then we say "Where is the order you took two weeks ago?". Of course, the best service that we get is from the small Canadian publishers where the relationship seems to be more a personal one. It is partly that they are a small organization, but it is partly that everyone involved in that small organization is in some sense dedicated to what they are doing.

MR. JEANNERET: They are not automated yet.

THE CHAIRMAN: You are at the butt end of all these complaints. You are the fellow who is getting the poor service. Let us assume other book stores are getting similar service and let us assume the argument you put

forward is one which is consistent with the action of the publishers. By the way, of the 150 publishers on the board, how many are agents only? Can you guess? That is as opposed to people who actually obtain authors and have the book manufactured and distributed. How many of those are agents, as such, as contrasted to publishers?

MR. MILLER: Half of them?

MRS. VINE: No.

THE CHAIRMAN: Let us say it is a half. If you were going to say something to these agents and the publishers -- I would like to draw a distinction -- either an agent is an agent or he is a publisher. Let us call the publisher the one who manufactures and gets books printed. If you were going to say to these people "Here is a solution that will help you merchandise, deliver and help us", how would you approach him, what would you recommend that they do? That is other than what you normally tell them? Have you thought about it?

MR. MILLER: No, not really.

THE CHAIRMAN: Not really. It was rather a large question.

MR. MILLER: I would have to know more than I do about the internal structure of the publisher and his marketing service.

THE CHAIRMAN: Well, you recommended in number 1:

"That Canadian publishers co-operate together to set higher standards of performance and service and that they themselves enforce and regulate these standards."

Do you really believe that? I might say to you the questions I put to you don't necessarily indicate these are feelings that I or any of us have. Do you really think from experience that they can come together and resolve, or can enforce this? Do you think they are capable of this?

MRS. VINE: I think they would have to consider doing it. I don't see why one publisher would complain to another if a particular one didn't sell direct to a customer and another one did, why those publishers wouldn't get together and say "Why do you sell and we don't? Why do you have something and I don't?". The book industry is in a state of crisis and they should cooperate. If there was no publishing problem, then I would say fine, they could all do what they like if it was working very well, but when it is not working out well, that should be the time they should find out what each other are doing and set some kind of standards for themselves.

THE CHAIRMAN: Do you agree with Mr. Sandwell, who was here earlier, that he thinks the Canadian control is in a state of crisis and not the foreign publishers? Would

you agree with that?

MRS. VINE: Yes.

THE CHAIRMAN: So your remarks would pertain to the whole Canadian publishing industry?

MRS. VINE: Yes.

MR. MILLER: The service is not that much better. In some cases it is and in some it isn't.

THE CHAIRMAN: To what extent do you think there is difficulty in the Canadian-controlled publishing in that it relates to this failure to give service?

MRS. VINE: I think that one of the reasons is probably that the people who are doing the work are thinking of books on the shelves and putting together packages and I don't know for sure that this need be a poorly-paid, poorly-qualified segment of Canada's workers. They don't have a good standard of work that is not sought after, they are not paid to do the job well, and they may not be good workers. No matter how forward-looking the head of a publishing company might be, if the staff is under paid -- and they don't care -- this is another aspect -- they don't care whether the books get there today or not as they should, they don't really care, then you are going to have this type of crisis.

MR. MILLER: If we can phone --

to answer your question -- if we can phone one publisher in the City and order books and have the books delivered the next day, there would seem to me no reason why other publishers couldn't be functioning in the same way.

THE CHAIRMAN: To what extent does this relate to the fact that you can only get one book from one publisher or you can't get the same book from two or three others?

MR. MILLER: I think this is true that the book industry is in a sense unique in that each publisher has a monopoly.

THE CHAIRMAN: But in your view this would not in any way relate to -- let us use the word "efficiency" in the service rendered by the industry at large?

MR. MILLER: Sure it does.

THE CHAIRMAN: Sure it does.

MR. JEANNERET: Just one other question. I don't suggest there is a final answer to all the problems, but what would your reaction be to a centralized warehouse fulfillment and invoicing service from which you get all your books, assuming that it could be done in some fashion? It would depend on how well it worked, I am sure, but at least you would have gone ahead with this operation.

MR. MILLER: Yes, except that would raise the spectre of one more intermediary to make and hold up ---

MR. JEANNERET: Not necessarily. I am talking of a total fulfillment service.

Well, I won't ask you to answer it.

MR. CAMP: To satisfy my own mind, recommendation number 6 about direct selling of single copies to individuals, and you talk about this on page 16. What you are saying is that teachers, academics and professors and so on, come into your store window shopping and they go and buy direct from the publisher. Does that represent any substantial loss of sales at the retail level? It seems to me that you have to allow the publisher his essential public relations.

MRS. VINE: I couldn't give you any figures on this at all, but we have many customers who come in and who will come in frequently and who hardly ever buy their books from us. They ask for the information and they say "That is fine, I will go out there and get it, thank you very much". It may be an individual who wants two books, $5, but the number of people here, such as students and professors, it is a daily occurrence. Also teachers will order in bulk from suppliers for their class. They will see what a good novel by Morley Callaghan comes to and they will go to McClelland and Stewart, or wherever they buy it, and get their copies.

MR. CAMP: What do they buy it at -- the wholesale price?

MRS. VINE: I don't know.

MR. MILLER: As we point out, I think a certain amount of bargaining goes on. They get various rates of discount.

MR. CAMP: Yes, I remember that. I didn't know whether that referred to this particular practice.

MR. MILLER: Yes.

THE CHAIRMAN: Do you consider -- and this will be my last question -- what is your view of the industry at large, bearing in mind that I would call it another communications industry, subject to a certain centralization, I am talking about the radio-television industry. Do you think that that kind of approach to the publishing industry would be of any benefit or value to it?

MR. MILLER: I am not quite sure I know what you mean, sir.

THE CHAIRMAN: The radio-television industry has a regulatory body called the Canadian Radio and Television Commission. It is in the principal area of communications in Canada. That body assists the industry, the radio-television industry, in coordination, in working out common problems and such, and it is an agency to which reference can be made for assistance from time to time. I wonder if you felt that an agency of this kind might be of any benefit to the problems which appear to beset the publishing industry in Canada. Again, I might

say to you, and I repeat, the question does not relate to any kind of predisposition. It is simply a question and it is your opinion which is sought.

MR. MILLER: I must say I really don't know. The publishers already have a joint organization and I am sure that all these problems are discussed and, somehow, they don't seem to get worked out in a satisfactory way. Most of the publishers themselves, as Mr. Sandwell pointed out, are aware of the problem. I am not quite sure how another body overseeing all this would be of great assistance.

THE CHAIRMAN: Thank you. Again we appreciate very much your preparation of the brief and the response to the questions that you have given, which is appreciated very much. We didn't say this to Mr. Sandwell, but we will reserve, of course, the opportunity of perhaps talking to him again, and you again, at a later time in the future. We thank you very much indeed.

We will take a break until a quarter to twelve.

---Short recess

THE CHAIRMAN: We will now take the brief presented by the Toronto Graphic Arts Labour Council. Mr. Osborne, President, is in

the central position, while Mr. Wilde, one of the Board members, is on his right and Mr. Buhler on his left.

MR. OSBORNE: Thank you very much. If I may make a few opening remarks in presenting our brief, Mr. Chairman, I suppose you could say our prime reason for being here is basically the lack of employment for members of our respective organizations brought about by the serious deterioration of the textbook industry and the trade book industry in the City of Toronto. Personally, I have been connected with the publishing industry for better than 35 years and formerly worked in the publishing end of the business as a pressman, and I can see that the volume of work has constantly been reduced to the point where nearly all of the organizations that comprise our council and are connected with the book industry have been seriously affected by unemployment in the past few months. We realize, of course, that this is partially brought about by the economic conditions of our country, but we are gravely concerned about what is going to happen to the textbook industry, particularly in the City of Toronto, which is the printing centre of Canada.

I trust that you gentlemen have had an opportunity to study our presentation. For your information we have with us this morning,

scattered throughout the audience, representatives of all of the organizations which we represent. We also have with us Mr. A.M. Peters of the City of Montreal representing the Montreal Allied Council. They too are interested in the textbook industry and where it is going. Mr. Chairman, we are open to answer questions, if you wish to ask them.

THE CHAIRMAN: Thank you, Mr. Osborne. We have read, of course, your representations.

MR. WILDE: I wonder, Mr. Chairman, if I might say a word to add to what Mr. Osborne has said so far, and that is to perhaps apologize for some of the errors that occur in our brief, both in spelling and in matters of phraseology. It is due, in fact, I guess, to the publication being mimeographed, which does not reflect too well about our being in the publishing business ourselves.

MR. JEANNERET: That is what you get for using non-union trades.

MR. WILDE: No, we have become so poverty stricken because of the fierce unemployment problem between us, that that is the reason for not having it printed.

THE CHAIRMAN: I thought you were going to refer for a minute there to page 26 and some of the gratuitous comments you made there about the Commission. I always look upon

gratuitous comments as those which you pay for and I wondered, having read that particular reference as to whether or not you really wanted to be here, but I know it just slipped in there in the force of the composition of the document. We hope we are not redundant, but in any event, I have personally found the brief to be extremely interesting and there are many extremely relevant points which are raised. We have been starting off with Mr. Jeanneret, and perhaps he can start again.

MR. JEANNERET: I would like to ask this question. You rather recognize, I think, the significance of a point at page 16, but you don't even need to refer to it. When you are talking about statistics on imports and, indeed, when everybody is talking about statistics on imports in this field, such as reports and things of this nature, would you agree that there is a degree of injury in the quantities of separate titles that are individually far, far below printing runs of economic size because Canadian markets are relatively somewhat smaller as we all know, and then drawing invalid conclusions regarding the loss to domestic manufacturers. I am not for one moment suggesting that there is a vast loss of possible domestic manufacture. There may or may not be, but if you take the total of imports as your base, then I would suggest -- and I would like to have your views on this -- that

one may be taking a figure that is totally misleading. For example, a very, very large proportion of total imports of the $144 million of books that are imported, compared with the $77 million worth of Canadian-made books must be made up necessarily of thousands of titles that sell in medium quantities of 25 or 50 or perhaps up to 200 copies or so. Now, surely nobody would suggest that these runs could have, under any circumstances, been produced in this country, but does their inclusion in the import statistics not invalidate the figure to a very large degree? Is this a fair question and do I make myself clear? A very large proportion of the import figures are made up of books that couldn't possibly be made here under any circumstances because the average sales are so miniscule? I simply want to make the observation. This does not destroy the basic validity of the objection.

MR. BUHLER: I think the statement is quite correct, Mr. Jeanneret, that the overall total domestic market that is met by imports would not be necessarily economically a viable operation in Canada. Nevertheless, I don't believe that that should be accepted as nullifying our conclusion.

MR. JEANNERET: There is no ground for complacency.

MR. BUHLER: That is what I was

saying, there are not any grounds for complacency on the question. There may be titles that only sell 25 or 20 or so on, but I submit to you they are probably a minority of the total figure, that the bulk of that figure will be seen in the paperback stands in all the supermarkets and so forth.

MR. JEANNERET: But even on the paperbacks -- and they are the exception, I submit, in terms of numbers of titles -- but even on the paperbacks you are not suggesting necessarily that the Canadian market is large enough to support the production of The Third Reich, or something like this, at $1.19 or $1.79, or whatever it was. It does require this vast product, doesn't it?

MR. BUHLER: Of course, the larger the run the more economical. I don't think it would be feasible to say that every title that is presently available would be available if it had to be financed on the local domestic market.

MR. WILDE: I think, Mr. Jeanneret, too, I would like to point out that, sure there should be some subsidization by the Canadian taxpayer. We genuinely feel that the Canadian publishers want to participate in Canada, this is part of our heritage and it must, if necessary, be subsidized in part. I think what is particularly relevant to it, besides the particular unemployment problem, is that I would virtually defy any member of the Commission to be

able to go out even in this hallway and pick up a colouring book for children that was not manufactured in the United States. For some reason or another, we are unable to subsidize our position for our children, both in textbooks, colouring books and what-have-you.

MR. JEANNERET: I am not in any sense arguing against the point you are making, I am not arguing at all, but I do want to establish for the record the fact that editions of 100 copies or 200 copies, there is no degree of subsidy that makes them viable here. That is one of the conditions. I think we all recognize that. There is a point at which it becomes possible to make a book here, and I would ask you this question:

When the foreign-author book does sell in quantities, quantities of several thousand copies annually in Canada, is this not normally remanufactured here or in part? This is a common situation, is it not?

MR. WILDE: To the best of my knowledge, yes.

MR. JEANNERET: On page 12 of your brief you refer at the top, "the increasing use of various copying machines produce a few copies of books", does that mean what it says, this is the way of reproducing books? This is a copy of a page or something like that? I wanted to be sure it is not something that was developing. Lower down on the same page could you explain what you mean, "will then result in the lowering of standards to the lowest common denominator in order to increase volume sales." I am not sure what that sentence means, "At the present time several publishing firms are owned by conglomerates, Van Nostrand(Ignton Industries)Holt,Rinehart and Winston (CBS),Ginn and Co.(Xerox)and Simon & Schuster." Is this more to increase volume sales? Would you just comment on that?

MR. BUHLER: The Ontario Teachers' Federation at a conference early or late last year referred to the lowest common denominator as being the type of textbook that was being produced under the American influence, and the lowest common denominator is one that does not offend the sensibilities in particular areas

in the United States. If Canada is included, then also it becomes the lowest common denominator.

MR. JEANNERET: Thank you very much, Mr. Buhler. Does the council have any provision with respect to the possible ratification by Canada of the Florence Agreement?

MR. WILDE: We mentioned in our brief that although we belong to international unions, they have given us full support in opposition. Some relaxation in the Copyright Act should be provided for printers and publishers in Canada in suppport of our respective memberships.

MR. JEANNERET: In that connection, on page 15 you say, "This Act" -- you are referring to a Copyright Law -- "prohibits the importation into the United States of more than 1,500 copies of any printed matter manufactured in another country", et cetera, et cetera. Just for our sake we might modify that to say it does relate to books, just for the record I am saying that.

MR. WILDE: Yes.

MR. JEANNERET: It would be relevant to refer to the Toronto Agreement here again for the record, but we don't like to spell it out. We will read it into our record at this point.

"Representatives of the U.S. and Canadian business and labour organizations concerned with printing and publishing met in Toronto on February 16, 1968 to discuss three interrelated issues of mutual interest, namely, an exemption

Nethercut & Co. Ltd.
Toronto, Ontario

" for Canada from the U.S. manufacturing clause, Canadian acceptance of the Florence Agreement, and effective resistance to weakening of international copyright protection.

After a thorough discussion of all aspects of these interrelated issues, the following courses of action were unanimously agreed upon:

(1) The Canadian group will promptly inform the Canadian Government of the Toronto meeting and of the agreement to take parallel action on both sides of the border to bring about exemption for Canada from the U.S. manufacturing clause and the acceptance by Canada of the Florence Agreement. The Canadian group will urge the Canadian Government to accept the Florence Agreement as soon as exemption for Canada has been adopted by the U.S. Congress. It is noted that the acceptance of the Florence Agreement can be accomplished in Canada without the necessity of an Act of Parliament.

(2) The U.S. and the Canadian groups will co-operate closely in urging their respective governments to consult and work together to oppose the Stockholm Protocol or similar actions weakening international copyright protection which may be proposed under the Universal Copyright Convention.

" (3) The U.S. group will do its utmost to obtain incorporation of an exemption for Canada in the manufacturing section of the bill to revise the U.S. copyright law (S.597) now being considered by a U.S. Senate Subcommittee. Specifically, the U.S. group will inform the Department of State of the Toronto meeting and will urge the Department (a) not to oppose an exemption for Canada from the U.S. manufacturing clause, and (b) to work closely with the Government of Canada in opposing weakening of international copyright protection under the Berne Convention or the Universal Copyright Convention. The U.S. group will also bring to the attention of the appropriate subcommittee of the Senate and House Judiciary Committees the recommendations of the Toronto meeting with respect to the manufacturing clause amendment.

(4) It is anticipated that co-operative efforts on, and resolution of, the foregoing issues in a mutually satisfactory manner will lead promptly to definite future co-operation between the United States and Canadian groups on the removal of any remaining barriers to trade between the two countries affecting the printing and publishing industries."

I take it the Council's position is the same as it was previously with respect to the Toronto Agreement?

MR. OSBORNE: Yes, sir. Our position is identical, except that the proposed change in the U.S. Act is so slow coming about that we are suggesting here that some interim controls be placed on the importation of American printing coming into Canada similar to those restrictive to Canadian printers hoping to gain an American market. In other words, we are suggesting that we apply the controls until such time as they see fit to change their Act, with respect to the change that has been agreed to by just about everyone that is concerned, both on the American side of the border and the Canadian side. However, we know it is a red hot political issue because of the way they operate in the States and they have always got an election within a year of the time they are going to deal with the amendments to the Copyright Act. This is what is holding it up, it appears to us, and nothing else. As I say, we suggest that we reciprocate a little bit in the meantime, until such time as they see fit to make the change.

MR. JEANNERET: It is the matter of establishing tactics. Everybody is in the same position as they were previously in this regard.

THE CHAIRMAN: You mean the parties to the agreement are in opposition. For the record would you please indicate what the synopsis of the agreement is?

MR. OSBORNE: The Toronto Agreement, I am sure Mr. Jeanneret could answer

your question much more fully than I, but it would seem to me, if my memory serves me correctly, that Canada had not at the time signed the Florence Agreement when the Stockholm Protocol, I believe it was called, came into the picture, the United States was not opposed to the adoption of the Protocol and Canada would, in turn, sign the Florence Agreement, refuse to sign or object to the Stockholm Protocol, and for this consideration the people in the United States who were concerned with the publishing industry were prepared to recommend to the Senate Copyright Committee that special consideration be given to Canada under the manufacturing clause of the United States Copyright Act.

MR. JEANNERET: That is a very good summary. The sequence is a little different and that is that the exemption for Canada was to come before ratification of Florence and the sequence of events is of critical importance.

THE CHAIRMAN: I might ask one or two questions that flow from that summary.

MR. OSBORNE: Yes.

THE CHAIRMAN: You used the used the words "parent unions" in the United States in relation to your own membership. Have your parent unions in the United States been obliged to assist in the amendment of the American Copyright Act?

MR. OSBORNE: I wouldn't go so far as to say they were obliged to assist, but to keep their

hands off that sort of thing. I would think that that would be the case. There may have been one or two but I know there is one union that retained a lawyer and perhaps his position would be somewhat different. He can do an about face and act on behalf of Canada on the manufacturing clause rather than continuing to maintain a position in the international unions at that point.

THE CHAIRMAN: I take it then that the answer is the parent unions were to keep their hands off and were not to make any representations to the representatives of their government for the amendment to the Act which would allow Canada to participate in the manufacture?

MR. OSBORNE: That is not exactly so because there is a gentleman in the room here who I believe was in Washington and I know he has with him one of the international vice-presidents. During his visit to Washington he conferred with a gentleman who was hired by the Canadian Copyright Committee to work on his behalf. Mr. Young is sitting down here and he could assure you of the fact that unions were involved in promoting the changes in the Act rather than simply a hands off position.

MR. WILDE: It is significant too that we already put our money where our mouth is in this regard because both the unions and the employers have been paying the expenses of maintaining a man to lobby down in Washington.

THE CHAIRMAN: My question related to what the parents were doing. Thank you.

MR. JEANNERET: On page 22, the second last paragraph you make a statement that is pretty sweeping, "It is our belief that in these areas foreign ownership and control should be forbidden."

Now, doesn't that present a copyright censorship dilemma? Does it mean that you deny access to the Canadian reading public to a large -- a huge segment of reading material because it is owned by non-Canadian publishers or would you expect that it would be by legislation to support this? I don't expect you to have a final answer to this, but there is a dilemma there, is there not?

MR. OSBORNE: I would agree with you perhaps it is. Like a lot of other things we ask for, I think somewhere in the brief there is a suggestion that with respect to textbooks at least 75 per cent of those used in the Ontario schools should be authored and manufactured in Canada. By suggesting 75 per cent I think perhaps the remainder would permit the use of some editions that were not originated in Canada. I think perhaps again we are asking for the ultimate in the brief and we will be lucky if you can assure us you are going to believe 75 per cent of what we said in it.

MR. JEANNERET: I only say that in acknowledgement of the fact that there is a real problem of censorship there.

On page 34 you make the statement, "until 1969, school boards were given $3.05 per student to be spent on books." Again I say for the record that until 1968, a $3.05 grant was not earmarked for books at a certain grade level and that it went up to $12 or more. At that time it was integrated with the per capita grant, I believe, and that is what you are referring to here? Right after that you say, "Recent cuts in the Toronto School Board support this assumption", the assumption being that the purchases were in fact cut-backs as such. Can you support that at all? I am interested.

MR. BUHLER: I can support it from personal experience and I am sorry I cannot support it here but I know by experience, I have two high school age children who are now not allowed to take textbooks home for study because there are only enough textbooks in the grade for the amount of studies -- 30 in a class and there may be 12 classes in that grade. So, the textbooks have to remain at the school. They are not allowed to take those textbooks home to study them.

THE CHAIRMAN: Which school system in Metropolitan Toronto is that?

MR. BUHLER: This is in the Borough of York. This did not prevail previously because I graduated from that school and I was able at all times to bring textbooks home, but the practice recently has been not to permit that.

MR. JEANNERET: Your first recommendation -- this again is a pretty sweeping one -- I don't ask you to defend it with your dying breath for that reason, but I might just refer to it:

> " The Provincial Government should forthwith enunciate a policy on the publishing and book manufacturing industries. This policy should state clearly that foreign owners having purchased Canadian companies are only to use the copyright imprints and other rights if they manufacture in Canada those books intended for our market."

To what grade levels does that refer? That doesn't include universities, does it?

MR. BUHLER: I should think it should.

MR. JEANNERET: If there are only three copies of a book required for studies?

MR. BUHLER: If that is so --

MR. JEANNERET: There are many classes with a total distribution of under 50, many, many courses.

MR. BUHLER: I would say we should have the same restrictions as the Americans have of 1,500 copies be permitted to enter Canada on the same basis as we are now able to enter the U.S. market.

MR. JEANNERET: Then, that is your comment on that.

MR. BUHLER: Of course, this arises out of the recent sale of two large publishing houses and the consternation that most of the public felt when they read statements to the effect that now 90 per cent of all textbooks produced were going to be done by foreign publishers. What may not have been apparent to many is that, in the purchase of these Canadian enterprises, no manufacturing facilities were required. It was strictly a matter of copyright and imprint, even though they were both in that area, quite profitable enterprises, and we submit it would have been quite practical and should be practical that in those instances, rather than lose our viability to manufacture books that we should insist that when foreign purchasers purchase that enterprise that they manufacture the book in Canada.

MR. JEANNERET: Thanks very much.

MR. WILDE: I guess, in terms of human value too, what Mr. Buhler is referring to is, in fact, that the bookbinders' union in particular is having a non-viable operation. They were employing something over 200 bookbinders. This has now been cut to something virtually less than 20. Again, human values there in that composing room.that, in the best of times, only five or six years ago there were 100 men employed.

Now they are down to less than 20 and these are all skilled people that are being lost to the country and being forced to try to get into some other area of work.

MR. JEANNERET: In your second recommendation you refer to circular 14 and say that:

"It should be a clearly defined policy of the Department of Education that at least 75% of textbooks used in Ontario be Canadian authored, published and manufactured."

Just for clarification, do you mean 75 per cent by title, 75 per cent of the numbers of books or 75 per cent of value? Have you any comment to make on that?

MR. BUHLER: I would mean by value.

MR. JEANNERET: Your recommendation number 6:

"The Provincial Government should establish voluntary guidelines for Universities in Ontario setting out suggested quotas relating to the number of foreign professors teaching in certain departments.",

et cetera. Have you any views as to whether or not this recommendation squares with the Ontario Human Rights Code where you would enquire as to

nationality as a condition of employment? You may not have a final answer to this, but I would like you to just speak basically to this question.

MR. BUHLER: I can't reply, so far as the Human Rights Commission is concerned, but the problem is a manifest one. It has been described by many people in the academic world and I feel that it has a direct bearing on what is happening to the book manufacturer as well.

MR. WILDE: If I could just add to that, Mr. Jeanneret, the fact that only about 17 per cent of university texts are wholly produced in Canada. Again, I think what we are alluding to in that particular section again, is the fact that the familiarity that American professors and teachers in universities have with the American text, again, sort of amplifies and intensifies the problem that we are faced with. Again, we have another source where we are virtually being squeezed out and coming down the scale to a loss of employment and to, again, losing more and more of our Canadian identity along the way.

MR. JEANNERET: I think your brief makes it clear that the question of average sales of American and British textbooks at the university level in particular should be explored and we should know what we are talking about precisely. We will have that information.

THE CHAIRMAN: We are suggesting

that those persons responsible should first seek university teachers and professors from among Canadians before going to other countries to find them. I don't know whether this is the practice or not in Canada, but I would hope it is.

MR. WILDE: If I could just add a couple more points, Mr. Chairman. We want to lay particular stress on the fact of the inherent skills that our members possess throughout these various unions and I think our submission points to the recent award of a gold medal in Leipzig, Germany to the University of Toronto Press ---

MR. JEANNERET: Keep going.

MR. WILDE: I thought it might fall on fertile ground, Mr. Jeanneret, but I think it is a commendable comment both to Canadian skills and Canadian contribution to the arts. The same is true of the Carswell publication, This is Our Land, in 1967, which has now become a classic, so that all the necessary skills are here in Canada and it would seem both perplexing and real aggravation, I suppose, that we are not getting sufficient help in these areas to maintain ourselves. For instance, the CBC or the National Film Board, in these areas where we are talking about our culture and what kind of education and exposure that our children are going to get, if we meaningfully believe we want to live in a country with its own identity

and its own culture and its own values.

MR. CAMP: In your discussion of circular 14, when you say "the spirit of circular 14 as well as the letter", "the spirit of circular 14", what is your understanding of the "spirit"?

MR. BUHLER: I think the spirit, if I understand it correctly -- and this is my own point of view -- is that the books that are used in the classroom will be authored and manufactured in Canada.

MR. CAMP: I am interested in this position you take with regard to establishing guidelines for universities, and the influence of foreign teachers in the various departments. Would you say that if we stopped the continuing encroachment of American professors, particularly in the social sciences, that this step would undoubtedly lead to a greater use of Canadian textbooks in universities? I was just going to go on to ask: Is it a fact, and do you know it to be a fact that Canadian professors use more Canadian titles than United States professors, for example? Does it relate to the course of instruction as to the books they use?

MR. WILDE: Again we are getting into one of these vicious cycles because we are so strongly under the influence of the American publications, obviously Canadian professors have to use an all-American text in certain subjects. Again, what we want to try and do is

reverse the whole process. In essence I am sure there is a recognition, as I pointed out before, if there are only 17 per cent of our text books produced in Canada being used in the universities at the moment, we think this is wholly wrong, but it would seem to me that we, in effect, are just helping, by apathy and neglect, the giving away of our birthright.

MR. CAMP: It may be that there is only 17 per cent -- I will accept the figure -- but there is also the course of the terms of instruction in terms of the total kn owledge that the Canadian content would be less than 17 per cent. If you are going to study, for instance, American race relations, you would not go to British literature. It would seem to me that the educational institution has a responsibility to provide the best and most authoritative texts there are.

MR. WILDE: I would also point out that Shakespeare was an Englishman.

MR. JEANNERET: If I may comment, I think their concern is that the professor who is discussing poverty is liable to use the Canadian textbook rather than the Canadian Indian or Nordic group. Isn't that your concern?

THE CHAIRMAN: Yes, but where there is a choice -- we can't argue about the text that is not available in Canada, that is obvious,

but where there is a choice we would suggest that the Canadian text be used.

MR. BUHLER: Can I just add a small observation on that? I am acquainted with a teacher who attempted to set up a shelf in the library on Canadian Indian studies and after inquiries of different salesmen, there finally was accumulated a list of about seven titles, none of them really suitable for an elementary school, and yet there were any number of very good titles available on black studies in the southern part of the United States -- excellent books written from the viewpoint that no one would object to them, that is no liberal minded person, let us put it that way, but there aren't any available on Indians in Canada. The books on Indians in Canada are very few, scattered, and really not at all directed towards people at public school level.

MR. CAMP: You specifically recommend here a Crown Corporation be established to look after the sale of textbooks.

MR. BUHLER: If I may speak to that, it is felt that textbook development is a very high-risk venture, one that an individual publisher might find quite difficult to swing if there was no assurance that there was going to be a sale. You will note in our recommendations that we also request that the Province of Ontario, Department of Education, call a conference of the

related people, et cetera, to establish certain guidelines in relation to developing textbooks that would be oriented towards the Canadian experience.

MR. CAMP: Mr. Sandwell, I think it was -- were you here when he was here this morning?

MR. BUHLER: Yes.

MR. CAMP: He made the point that in 1967 there was, I think, if I could summarize what he stated, a good deal of over-publication, there were so many books published that the quality of the books and the marketability of the books was inventory which they can't dispose of. There must be a limit to which there is in Canada the capacity to generate the kind of publishing that you are talking about here.

MR. WILDE: In 1967, this was also a year when Premier Smallwood of Newfoundland decided to get a two-volume history of Newfoundland printed and published. The printing and production of it was done in Japan -- some testimony to our Centennial year.

MR. CAMP: I would like to have you go a little further on that. There is a growing practice in Canada for Canadian workers and Canadian publishers to print abroad, and I take it the reason for that is economics?

MR. WILDE: Yes.

MR. CAMP: Which has to do, then,

with the price of the book and has to do also with the degree to which you can, in fact, publish Canadian titles. What is the solution to the high cost of printing in Canada?

MR. WILDE: I think that has been referred to earlier. There are some areas in our heritage and our culture where the taxpayers must be prepared to pay for it. I think it is as simple as that. If we could just move away from the CBC and we recognize the CBC does, in the main, a job in promoting Canada as a country in its broad aspects of this 3000-mile event.

We are prepared to pay for it because it reflects a good job. I think certain films of the National Film Board have become involved with and serve a very useful function in trying to preserve our identity and to help our economy.

THE CHAIRMAN: I suppose --

MR. CAMP: It has its limitations, though.

MR. WILDE: To me, when I find $3 of my tax money is being spent on the importation of books and only $1 of my tax money is being spent in Canada on book publication --

THE CHAIRMAN: I suppose the question of Japan publications or Italy or wherever this is being done relates to the cost of wages, the price of wages in those countries which would substantiate that.

MR. WILDE: Yes.

THE CHAIRMAN: Those economics come into play and the standard of living is somewhat different and the wages are somewhat different. This reflects back.

MR. OSBORNE: In Canada, by and large, the hourly rates to be working are not high by comparison with other cities of North America, but --

THE CHAIRMAN: We are talking about Italy and Japan.

MR. OSBORNE: There is a comparison there but it seems to me to be obvious that it is

not because the craftsmen in Italy or Japan produce work any better than they can in Canada. I think you must narrow the whole practice down to the profit motive. It has been enlarged, of course, that the cost of producing a book or a series of books is high no matter where it is being done and obviously the people, the authors and publishers, are out to make as much money on a book as they can. If in doing that they decide to print in Japan, in India or whatever, they would make more money. I suggest the problem is perhaps the profit is the greatest reason why the work is done outside of Canada.

MR. JEANNERET: Are you suggesting in your own field the union -- the wage levels as stipulated by the union agreement in Toronto are low in comparison with the average in the United States?

MR. OSBORNE: Depending on where you compare. I could point out to you that the wage rates in the southern States are not as high as they are in Canada but they are not the publishing centres of the United States.

MR. JEANNERET: Would you say that they are lower than the great majority of them?

MR. WILDE: I would say there are certain lows in comparable cities, for instance, Chicago and New York and probably San Francisco. The rates in the main are lower than they are in most North American centres.

MR. JEANNERET: With the exception of two or three cents, I think you will find they compare favourably, but this is something that can be objectively checked.

MR. CAMP: You don't have a ball park figure?

MR. OSBORNE: No.

MR. BUHLER: The Graphics Report makes it quite specific that the textbook industry is the mainstay of publishing. The publisher who has not got the support of a textbook list is in trouble and there isn't any doubt about that.

MR. CAMP: Do you know of any publishers who don't publish textbooks as apart from those who do?

MR. BUHLER: The profit-hungry American conglomorate is going to purchase the companies that publish textbooks.

MR. CAMP: They will buy anything!

MR. BUHLER: They want these companies because they will make good money out of that and without that mainstay the publisher has a hard time publishing textbooks that might or might not appeal.

THE CHAIRMAN: Those fellows have asked a whole series of questions and now they want to go to lunch. I will ask one or two questions and it won't take me very long.

We have heard and we will hear in the briefs a great deal about Canadian subsidiaries of

American parents, corporations. We have heard and we will hear a great deal about the advantage those Canadian subsidiaries have because they have access to capital. Right? I will go back to the parent situation on some agreements held with unions in the United States. I wonder if there is any analogy to the ability of a Canadian subsidiary corporation which can draw on its American parent for capital. If there is any analogy there to what your Canadian unions can do in terms of drawing off their parents in the United States for support because it seems to me that one of the major concerns that confronts you and the manufacturing end of the publishing industry in Canada relates to the manufacturing clause of the Copyright Act in the United States. I wonder what it is in fact the parent unions are doing in the United States to support the proposition that there should be an exemption for Canada in the manufacturing provisions because I also see in the agreement of Toronto, to which reference was made, "The U.S. group will do its utmost to obtain incorporation of an exemption for Canada in the manufacturing section of the bill to revise the U.S. copyright law." Then it goes on. I am wondering what it is, if anything, is being done by the parent unions in the United States to ensure the maximum for you in Canada. This seems to be one of your major concerns. You are barred from that market. What are they doing to help you? I just want to know.

MR. WILDE: If I might just answer that, I think one of our international vice-presidents has been sitting here at this meeting. The International Typographical Union in particular, because of having one of our vice-presidents acting in this area, are wholly behind the proposition of getting something in the Copyright Act.

THE CHAIRMAN: But what are they actually doing?

MR. WILDE: From the indications I have gotten on occasion this whole area of exploitation which Canada is trying to do is really being regarded down in the Senate as somewhat minor legislation. To that extent what we are suggesting is that this Royal Commission can play a very effective part and answer the responsibility of Canadians, a Canadian operation at the very highest level through the federal government, more so than having all kinds of corporations and subsidiary areas down in the United States. I think that would play a part but I think the major responsibility, again as our brief points out, is that if we are being -- there is no reciprocity in this area, and the federal government should meaningfully step in and do something about it. I think certainly there is some pressure exerted before the Royal Commission can bring about any pressure at all that is going to be useful in this area but I do think that is a responsibility for us as Canadians. We can enlist all the support we want but it is not

1 going to carry very much weight until something is
2 done from Ottawa in this regard, in my opinion.
3 MR. CAMP: One, here on book clubs.
4 Canadian authors, there is an increase in the book
5 club promotions in Canada of Canadian authors in that
6 I think it is deliberate. You say
7 they are rarely offered to American members and
8 I think this is due to marketability. I think
9 Robertson Davies' book is a good example and
10 could have been offered through the American
11 book club. What really is your point?
12 MR. BUHLER: I would like to make a
13 point referring to book clubs. CBC published
14 some remarks by the present Prime Minister and the
15 Prime Minister was an author too, before he reached
16 his illustrious position that he now has. That book
17 was put on the list of a Canadian book club in
18 Montreal. A prospective purchaser in Massachusets
19 tried to purchase that book through the book club
20 in the United States, which Montreal is a branch of,
21 and he was unable to get it after months of attempts.
22 Finally he made a trip to Montreal and purchased
23 the book. That actually happened.
24 THE CHAIRMAN: I might say to you
25 gentlemen before we adjourn for lunch that we are
26 very interested in circular 14. We are interested
27 in its effects. We are interested in the practices
28 in relation to it. We are interested in whether or
29 not it is being enforced. We will say this to you
30 now, those who are responsible for its creation,

administration and enforcement, I think, are aware that we have an interest in it. We will be examining this factor at a subsequent time.

MR. OSBORNF: Thank you very much, Mr. Chairman. We are sure your deliberations will be helpful to our cause at least.

THF CHAIRMAN: I hope we will not be found redundant hereafter.

---Luncheon adjournment.

---At 2:00 p.m. the Hearing resumed

THE CHAIRMAN: Ladies and gentlemen, to continue this afternoon we have with us Mr. John Fisher.

Were you here this morning?

MR. FISHER: No, I was not.

THE CHAIRMAN: We have developed the procedure of just having the high points of your brief and giving us a brief summary. Will you commence on that basis?

MR. FISHER: Yes. Ladies and gentlemen, you see before you one of those strange creatures, a freelance writer and broadcaster -- Canadian all the way through. I hesitated to submit a brief to this Commission at first because of the natural reluctance of any writer. Perhaps it is ego that I consented to present a brief and what I tried to comment in my brief to this Commission is to say, in effect, that through all the thousands of words that they are going to receive, I ask them to bear in mind that the housekeeping -- in spite of the housekeeping details of the bookkeeping, how to keep it Canadian. I think we should consider, however recommendations are finally arrived at, should be done with a view to giving a maximum incentive to the Canadian writer because, as I point out in my brief, without writers there is no book publishing

industry unless we abandon the whole thing to the Americans. In the brief I have said that the book publishing industry is first and foremost, a business, it is in business to make a profit and any writer worth his salt knows this and doesn't expect the book publishing company to produce a whole bunch of esoteric volumes and make a large sum of money out of it.

I also point out -- and perhaps I should remind you -- if you are not already aware that writers are rather reluctant to become organized. As a group, writers rarely meet one another. I know very few writers and I don't know what they are thinking and my brief only really puts forward my points of view. Writers are notoriously non-organized by the nature of their craft. They have to be. I present this brief because I was in the business world so I have some claim to being on both sides of the fence. I was a marketing man before publication of my first book. Since then I have been a full-time writer and, frankly, as an ex-businessman, looking at the publishing industry, I sort of make my publisher's hair stand straight up on end. From the outside the publishing industry looks extraordinarily efficient. It is staffed currently by a few talented people who carry the burden of the work at salaries which are ludicrous compared to the kind of talent they are required to

put out.

Now, before I appeared before this Commission, I asked some of my contacts inside the industry to read this brief and I showed them a copy of it and I couldn't get anybody to say too much except that "Here and here we agree with every word you said. I wish I could have done it, I would have said a thing or two, but . . ." and this is one of the problems that there is a great deal of pressure and one doesn't always like to speak out.

The biggest problem that a Canadian writer has, of course, is the overwhelming presence of the United States south of the border. No matter what he writes there is a tremendous pressure towards North Americanizing whatever he is doing. I have just finished a book which is coming out at the end of May on the environmental pollution problem and though it was a tremendous pressure for me internally, and from my publisher, to try and slant this book as much as possible so that it would obtain sales in the States, this is very understandable because a relatively unknown Canadian author is lucky if he received 3000, 5000, 7000 copies of the book. From the publisher's point of view there is an even more overwhelming reason for an author to Americanize his book -- more sales. From the writer's point of view, there is the growing

problem, the sheer volume of books that are published and the publishing industry seems to be suffering from the same growth endemic that is bothering the rest of our society these days, more and more revenue each year, and as I point out to the Commission in my brief, Toffler, in his book Future Shock, pointed out that the length of time that a best seller now stays on the best-selling list is shrinking every year. They are being inundated with a deluge of books.

Much of the problems I have pointed out in my brief, are perhaps book distribution and not book publishing and I have said that the malaise which affects both sides of the industry are a sort of cause and effect. Our book stores fondly imagine, I think, that they are book supermarkets and I have termed them an explosion in a shingle factory, because that is exactly what they look like to the average person going and looking for a book, and it seems to me that much of the staff of the modern book supermarkets seem to be acquired exclusively for their talent as non-readers. It takes a real, active will to be able to run down a book that you really want. I also said that the definition of "Canadianism" is pretty corny when put into words and when put by a Canadian writer there is the tendency to accuse one of grinding

his own axe. This is something I accept. I also accept the fact that to the average Canadian, the working stiff, the man who is out every day trying to make his living, this whole business of book publishing and Canadianism is perhaps of secondary importance, but the point I try to get across is, perhaps there is something behind all this for them that they don't readily recognize in their day-to-day life. That is, that the creative writers or broadcasters and other people in Canada, help to define what is essentially Canadianism. That is, they hold a mirror up to their society and ask us to look at it with them, and when we do, we sometimes recognize ourselves for what we are. It also stands a chance of giving us a sense of self, an awareness of our origins and our capabilities and perhaps our potentials.

One of the final points I made was, of course, the now cliche or cry that school textbooks are far too much from American publishers. My own wife, who is a school teacher in the East York school system and teaches English as a second language to new Canadians, finds most of the materials available to her are of American origin. Children learn about the U.S. mail, policemen who wear caps, Sears Roebuck and the Pilgrim Fathers and I suppose, finally, the main thing that I, as a

Canadian writer would be concerned about is the cultural and social consequences of foreign ownership, that is, the growing problem that if our book publishing industry falls entirely under the domination of American interests, that there is going to be, perhaps, a form of self-censorship where controversial topics might not find a publisher for very good economic reasons, and there are a number of recommendations which I put before the Commission, one of which I think is a very controversial one and deserving of reconsideration again. It is perhaps the problem of finding some way of paying royalties to the publisher and to the author on library circulation. It seems to me that in this day and age most of our society is run on a system of waste and obsolescene, whereas, we produce many, instructable books, we sell one to a library, they put a plastic cover on it to make it indestructible and the publisher and author receive no further benefit from it whatever.

I think that, in brief, sums up what I have said, Mr. Chairman.

MR. JEANNERET: I thought you made a very good point, Mr. Fisher, down in the lower part of page 3 when you alluded to the fact that, unlike a large number of consumer products whose profitability depends on repeat purchases, the purchase of a book is

a one-shot sale. There is a great deal in that idea, but you say:

> "In no other business endeavour are products dumped into the marketplace with such miniscule advertising and promotional budgets.",

and:

> "With sales and profits entirely dependent on one-time purchases, the book-publishing industry's approach to advertising and promotion is about as exciting and stimulating as two tickets to a village quilting bee."

These are well-put observations, but are you contending that it would be commercially profitable for Canadian book publishers to increase substantially their advertising and promotion budgets? I realize that you express this differently, but are you suggesting they should spend more?

MR. FISHER: Yes, with qualifications, of course. I have no knowledge of the return on investment in the book-publishing industry, but this is the cause and effect. This is always the problem that goes with the selling of any product. Although I hesitate to really align the selling of books with the selling of consumer products, there are very definite

parallels and, as an ex-marketing man myself, I know that you simply cannot go out on the marketplace now and expect to launch a new product unless it is backed by some kind of advertising and marketing program, unless it is a completely world-shattering invention that the world has been waiting for. The problem is with books that they are one-shot purchases and that someone, having purchased a book, is not going to come back and buy the same thing again. However, I think what is going on in the Canadian book-publishing industry is a kind of self-fulfilling prophecy of gloom. Someone takes a book by a Canadian author and says "Well, there is not much point in spending money on that", so I have said in my brief they usually send out a couple of Gestetner press releases.

MR. JEANNERET: How many free copies do you send out?

MR. FISHER: I can't answer that. Probably a couple of hundred, usually some are sent out to reviewers and so on, but the problem becomes not so much investing enormous amounts of money to give the Canadian writer of every Canadian book, but in trying to create the background atmosphere in which Canadian authors will be considered worth reading. I think at the moment we have got a totally self-fulfilling prophecy of gloom, and I don't blame the public for estimating that anything

not made in the States is not worth reading.

MR. JEANNERET: To go on to the short paragraph towards the bottom of page 4, you say:

> "In the majority of cases, Canadian writers are simply dumped, into the hopper on a kind of unofficial Canadian-content ruling, in the faint hope that another Pierre Berton or Farley Mowat can be winkled out, preferably at no risk to the publisher."

I am not sure here if you are contending that it would be better if a smaller number of Canadian writers were published, or are you contending simply that more money should be spent on the promotion of their works? I am not sure which you are saying.

MR. FISHER: Well, of course, if I say that I suggest a smaller number of Canadian authors should be published, I would then include myself in that group, and that would be unfair. It is a dilemma. I recognize it as a dilemma. I honestly don't know the way out of it except I think this cannot very well be taken one step at a time. I think the whole atmosphere surrounding the publishing of Canadian books has to be changed. Then, I think as with the record industry, there becomes an

inner business dynamics which takes hold of the industry and puts an entirely different light on it. I know that the record industry is somewhat different from the book-publishing industry, but here we have a case where there is a new instrument in the making. I know it could be said in the early days we are going to have a lot of junk in the Canadian records put out, because you are trying to fill the market, but I think eventually, through that particular piece of legislation we are going to get a far more viable Canadian record industry and I think the book-publishing business is the same. The atmosphere in which the books are published, there would be need to invest more, but the investment would come back to the publisher again, I submit.

MR. JEANNERET: You go on to make the point on page 17, in effect, that the Canadian book-seller is vastly understocked. At least, that is how I read what you say. Do you have any notion of the number of titles that are published in the English language in the U.K. and the United States and Canada each year?

MR. FISHER: It runs into the thousands, I know.

MR. JEANNERET: Tens of thousands.

MR. FISHER: Yes.

MR. JEANNERET: You can't really say that the book-seller has a responsibility to carry them all. On page 10 you say:

Nethercut & Co. Ltd.
Toronto, Ontario

"The sheer physical task of finding a Canadian author among this plethora of materials (in their book stores) is discouraging, to say the least."

What proportion of Canadian book store sales would you suppose are taken up by the sale of Canadian books actually?

MR. FISHER: I must be honest with you. I have no idea but I would hazard a guess at 25 per cent.

MR. JEANNERET: I think your guess is reasonably close. It shouldn't be too difficult to find a Canadian author in such a book store, say, if a quarter of the books are Canadian.

MR. FISHER: The problem with the kind of store I am describing is that the layout is such that it is a self-service store and I accept the fact that we are in a self-service age but if you can't find on first glance the book you are looking for, you can't get any kind of information out of the people working in the store because they are not hired for their book knowledge. They are just hired as cashiers, and it is like running a supermarket. This is a real problem in that there is no Canadian section in the book stores as such.

MR. JEANNERET: At the top of page 18 you talk about"the book publishing industry be required to retain Canadian editorial departments, staffed by Canadians,to fulfil this quota.All material to be originated in Canada and printed in Canada."

I read that recommendation and the one that follows and the one that follows is, "Legislation to ensure no further foreign domination of the Canadian book publishing industry, and legislation to compel the sale of a proportion of the company to Canadian investors."

Do I read it correctly that you are saying that the industry should be required to publish a prescribed number of Canadian books every year. Is that what you are saying?

MR. FISHER: Yes, I think we should consider this.

MR. JEANNERET: How could they arrange to do that?

MR. FISHER: The mechanics I would have to bow out of, frankly. In making many of these recommendations I did say at the end that they were done without certain facilities, without anything to back them except, I suppose, I was guided by the legislation on the use of Canadian records, Canadian talent, that perhaps there is a way we could consider this.

MR. JEANNERET: On page 19, you say this in your summary, and you make your recommendation, "A system of public library royalty payments to the publisher and the author of Canadian books for a period of two years from date of publication, then allow the title to be public domain."

Now, please confirm, if you will, if you don't literally mean what I just read, mainly that after two years of publication Canadian title should be in the public domain and not subject to copyright. What you presumably mean is that for the first two years they would enjoy library royalties based on circulation. This is what is

known as duty paid.

MR. FISHER: That was an error on my part. I didn't mean it could be public domain without copyright. I meant that it would be allowed to go into public libraries with no further royalty payments. The idea behind that was to perhaps try to suggest a trial period where some of the investment (and it is considerable) on the part of Canadian book publishers -- some of the investment could be recouped and put back into the advertising and promotion of Canadian books.

MR. JEANNERET: That recommendation, of course, as you know, is reflected in legislation overseas and it is not in England yet but there is interest in it in which is known as public land rights.

MR. FISHER: Yes.

MR. CAMP: First of all, Mr. Fisher, I am interested -- who publishes your books?

MR. FISHER: McGraw-Hill.

MR. CAMP: Did you shop it around?

MR. FISHER: I guess I was lucky like most first authors. I submitted my book to three publishers, two of them were Canadian and the third one accepted it and it was McGraw-Hill. At that particular time I must admit I wasn't particularly worried about Canadian or American publishers. I just wanted to get it published. My editor was Canadian and the people I dealt with were Canadian.

MR. CAMP: That is frequently the case. Isn't there an argument there that your first experience was that when you went to a couple of Canadian publishing houses they were not able or willing to publish your book, whereas there seemed to be or do you think there is some advantage in an international publishing house where an author or someone trying to write can have access to four different sources?

MR. FISHER: I must admit that my latest publisher was Longman's which is an American-controlled company and the kind of job they will do for me there is no doubt will be as professional as it can be under the circumstances and the only thing I can say to this is that the pressures I have felt in the past four years -- I mentioned an example in the brief to you -- on writing a book is in the outline stage of the book when you want to write about a truly Canadian problem, but what happens is -- writers are like anybody else -- and I like to eat and graze around but the problem becomes an overwhelming temptation at that stage of the game for somebody to say -- they always say this, I am sure you are aware of this but it is an unspoken thing, "If we could throw in a few pieces about the Federal Trade Commission and you might mention so-and-so in the States. If we could use some research from down there we would stand a much better chance of making a rounded book and we could give it to the

head office in New York and we might get a few more extra copies". This is almost an unconscious temptation for a Canadian writer and it tends then for you to go off in a North Americanized fashion.

MR. CAMP: As a writer, Mr. Fisher, I would think the larger or broader the audience, the more satisfaction a writer gets.

MR. FISHER: It was sent down to the New York office of McGraw-Hill at the time of the report and I got back that it was too Canadian.

MR. CAMP: What?!

MR. FISHER: It was too Canadian. I then deliberately tried to write a North American book so I had failed.

THE CHAIRMAN: Is that the reference you make to this pollution book?

MR. FISHER: No, that was to a novel.

THE CHAIRMAN: Who was this company you mentioned in your brief?

MR. FISHER: It was Doubleday Canada. Let me hasten to add there was nothing underhanded in this. It was a perfectly straightforward business exercise and I used it as an example because it is a very real problem. I am kind of hoist by my own petard sitting here because if I am going to be a successful Canadian writer published by an American-controlled company I suppose I should not have any complaints about that but I just feel, you know, that we have got to do something about this problem.

If you cast your mind back to 1968, at that time there was quite a bit of controversy on a certain kind of book and there was a book by Sam Baker called the Permissible Lie which was suppressed by Funk & Wagnalls which at that time controlled the Reader's Digest. That kind of book at that time was considered not typically exploitable.

MR. CAMP: Your recommendation today--as a matter of fact do they stock a quota? Is there any Canadian written and published title that you know of that is carried all the time in stock?

MR. FISHER: You are pre-supposing my next book. I don't think I can answer that question. The other obvious one is the recent book about the Unholy Land.

MR. CAMP: Oh, well.

I think it is valid in terms of your argument, although I don't -- I would want to know who made the decision of what books were going to be stocked and what percentage would be stocked. With regard to that analogy, the CRTC ruling -- the beneficiaries of the CRTC ruling are -- Gordon Lightfoot says he is being destroyed. I wouldn't think that -- I would suggest it as an argument that an author such as yourself would not want to use force to have people read his book.

MR. FISHER: I hasten to add that nobody asked me to be a writer. There was no compelling pressure upon me to become one. However,

having become a writer, there is really no reason why the public should subsidize me in any way, shape or form, nor do I expect it.

MR. CAMP: How would book stores feel if they are forced to stock your book under a Canadian content requirement? I am sympathetic to your point that you went to New York and they said it was too Canadian. It seems to me that --

MR. FISHER: I would have to agree with you there. It is a pretty dicey proposition as to how -- I put it forward as something worthy of consideration.

MR. CAMP: As a writer, are you satisfied with the degree to which a manuscript is serviced by a publisher? Did you ever go into a book store that was supposed to have certain books in stock?

MR. FISHER: Yes. The entire question is that I find the handling of a manuscript from the point when the contract is signed until the book appears on the shelf, to be incredible. It is just an exercise in frustration. My publisher will probably hang me by my heels, but the manuscript has been in the publisher's hands since September and I failed yet to read the first galley proof and it is supposed to be published in May. It is incredible to me that with six books out of a list of some 200 what have they been doing with my manuscript for the last six or seven months?

Looking at it from the outset, if I

had been informed of that as a marketing man I would have been very much chagrined.

MR. CAMP: And how are you recompensed?

MR. FISHER: You mean financially? Very much the same. 5 per cent on the first 3,000, 7 per cent on 3,000 to 5,000 and 10 per cent thereafter.

MR. CAMP: Is that fair?

MR. FISHER: I would think fair for me at this stage of my career. I am not in a position to be able to negotiate. The public at large are probably unaware of the kind of financial returns a Canadian writer gets unless he happens to be a very well known one and it is very small and I think I made something like $3,500 on my first book. 99 cents -- that sort of thing -- 99 cents a copy. I am not complaining. The publishers behave in a very professional businesslike manner when it comes to the limitationsof their contracts.

MR. CAMP: Well, I sympathize with your dilemma. I am not that clear and I gather you are not all that familiar with it either, with regard to selling the book. Is there anything that could be done in assisting to create more distribution of Canadian books?

MR. FISHER: If it is an interpretation of the word "force" --

THE CHAIRMAN: We will use your word which is "require".

MR. FISHER: We are playing with

semantics. I think Mr. Camp is quite correct.

MR. JEANNERET: There are 15,000 Canadian books in print in English and French and several hundred thousand books are printed in the English language. The Canadian proportion in book stores now is far above that which --

MR. CAMP: Have you ever heard of a subsidy or a grant to writers?

MR. FISHER: Through the Canada Council.

MR. FISHER: Yes, they answered.

MR. CAMP: I want to be sure why they turned down your application.

MR. FISHER: I just didn't get an answer. I was interested at the time in doing a study a couple of years ago on city environment.

MR. CAMP: Did you have a publisher for that?

MR. FISHER: Yes, I did. I was doing some broadcasting then.

MR. CAMP: That doesn't keep them from answering their mail?

MR. FISHER: No.

MR. CAMP: You wrote them?

MR. FISHER: I never got an answer, I didn't pursue it any further.

MR. CAMP: Anything you would suggest in assisting the lot of the writer at that level? Did you have an advance from your publisher?

MR. FISHER: On my first book I had already written it so when it was accepted I then got an advance on royalties in the sense of publishing a book. The latest book that I have just finished I submitted to Longman's in outline form, chapter by chapter outlined, then they accepted it and then I received on the signing the contract an advance on royalties and then I wrote the book and I will receive the rest of the royalties when the book is published.

MR. CAMP: Did you submit your second

manuscript to a Canadian publisher?

MR. FISHER: Yes, I did, to two Canadian publishers and they turned it down.

MR. CAMP: You submitted it also to four American publishers and one of them accepted it?

MR. FISHER: Yes, but I don't think you can read anything into this. One of the publishers wrote me and pointed out that they liked the outline but they couldn't do it because they were producing a book of a similar nature,which I could understand.

THE CHAIRMAN: Mr. Fisher, I understand that you mentioned three publishers -- one is Doubleday. Does Doubleday publish anything for you?

MR. FISHER: Yes.

THE CHAIRMAN: The decision therefore was not to publish it?

MR. FISHER: Yes.

THE CHAIRMAN: One is your current publisher?

MR. FISHER: Yes.

THE CHAIRMAN: Where do you think the decision was made to publish that?

MR. FISHER: Right in Toronto, as near as I can assert I would think so.

THE CHAIRMAN: Now, looking at most of your recommendations I was interested in finding that in virtually all of them you used the words "Canadian book stores be required to stock a quota...

"The book publishing industry be required to retain Canadian authors ... be required to perform domination of the Canadian book publishing industry and low-term interest on loans to assist such legislation ... subsidize the book publishing industry,.. Canadian sections in every book store."

By the time we got there it was clear to me that you feel that to help you with this there had to be some sort of entity created which would administer all these requirements and enforce them. I must say when I got to the very bottom of this I don't know whether I was astonished or relieved but some of the recommendations you made that this body should be a permanent Royal Commission, I wonder if you had given any thought to that recommendation in any way?

MR. FISHER: No.

THE CHAIRMAN: You do understand, of course, that from all the recommendations you have made to us that there would have to be some body created comparable, if you will, by analogy to the Canadian Radio Television Commission or some other administrative group, in effect, to police and to make rules and regulations. If that is the case how really do you feel about that kind of body coming into existence in the Canadian society?

MR. FISHER: I am very nervous about the whole idea of creating some kind of body, let us call it the Canadian Book Development

Corporation. I would be very, very leery of that because I think the kind of people who would staff such an organization would not be the sort of people that we normally require to look at manuscripts. I must say that I would be opposed to that kind of set-up and I already view with alarm what is going on in the Canadian film unit. I have had a number of discussions on that. I am not sure that that is the way to go.

Although I understand that many of my recommendations do tend towards the suggestion of some kind of horrible bureaucratic organization, I would be utterly opposed to it because for one thing there is nothing else like it anywhere in the world.

MR. JEANNERET: You would go along with some degree of censorship in order to achieve your point?

MR. FISHER: Again that is a question of sematics but I would quarrel with "censorship". I don't think that an editor when he sells a book thinks in terms of censorship unless it is so outright libellous that it should never be published. I would prefer another choice. Censorship implies that we have a bureaucratic organization with perhaps you three gentlemen at the head of it for example saying, "That's out, that's out, that's not bad". That sort of censorship I don't think anybody in this country would want. I don't think so. Maybe there are people like that. I am talking

in third party terms. If a writer were to write on a fairly controversial topic that was very much against the conventions, the ideological interpretation would get in the way.

MR. CAMP: It has been said of the Canadian publishing industry that if industry went back in years there would be a danger of losing Canadian titles. In view of your experience, what would you say?

MR. FISHER: I would think so, yes. Going from my experience in marketing and looking at the sort of continental multi-national nature of our economy, of the marketing economy, I think the tendency would be on the part of people producing books to produce for the biggest single market which would obviously be North America which would include Canada. I think there would be a very real danger that books that are clearly Canadian would tend to be discriminated against. I think this would be an inevitable fact of business because obviously the publisher is in business to make money and he is not going to publish relatively esoteric Canadian publications, especially if he is looking for the paperback field, of which the minimum is something like a quarter of a million -- paperback, not soft cover.

So, I would say yes, if we had a totally multi-national book publishing corporation I would tend to think eventually it would destroy a purely Canadian book.

MR. JEANNERET: Let us be clear on that.

MR. CAMP: What would you say about trade books?

MR. FISHER: I would primarily answer your question in terms of if the mass-market is in favour of that, then, of course, the profit on the hard covers would be more vulnerable.

MR. JEANNERET: 90 per cent of the books published today are around 40,000 copies, the mass-market paperbacks.

MR. FISHER: I was referring to paperbacks.

THE CHAIRMAN: You say, "A separate Royal Commission into the 'rack-jobber' distribution techniques of the paperback industry in order to investigate undue influence on the display of U.S. oriented material." Would you like to expand on that?

MR. FISHER: This is difficult. I could be sued for libel, I suppose. I have not done any real deep research into this. As a matter of fact, I am contemplating doing an outline for an article on this to be able to go into this whole paperback thing myself, but from conversations inside the publishing industry, some of the top people, the method by which paperbacks, American-dominated paperbacks, are distributed in this country lends itself I think to a separate investigation because it seems to me to be a very ripe area for

all kinds of abuse in the sense of putting certain kinds of books into racks.

THE CHAIRMAN: This is what we are going to be looking after. This is why I wanted to get your views as to what lies behind the statements you are making and why you make this kind of statement. We do regard this as a very important matter, what you hear and what you think is going on in this industry -- is it controlled by another country and if it isn't controlled by another country, what do you believe is happening?

MR. FISHER: I think one of the things that is happening is the method by which the paperbacks get on the shelves. As I mentioned in my brief to you, in the mass paperback market 100,000 books are distributed and they are replaced the following month but as I understand it from conversations I have had the decision as to how those books get on the shelves seems to be mainly as a result of the driver coming around and that seems to me to be particularly uncharitable, to lend itself to abuse. I don't think I had better go any further into that.

The business of if the book isn't selling, my understanding is from cursory research that the book is sent back and there is a rebate made on this. It seems to me that the promotion of paperbacks is a little suspicious, the way in which it is done, the way in which some

of the paperbacks get on the racks.

MR. CAMP: Are you talking about cigar store stands and so on?

MR. FISHER: Mass paperbacks -- book stores, chain book stores, cigar stores, any book store that sells the mass paperback kind of thing.

THE CHAIRMAN: I don't think I have any more questions. I just want to make one comment. You urge us not to shrink from actions -- I just want to assure you, Mr. Fisher, that we are not shrinking from this problem. The future will demonstrate that is so.

Thank you very, very much for coming. We appreciate your comments very much.

MR. FISHER: Thank you gentlemen.

--- The hearing commenced at 2.50 p.m.

SUBMISSION OF UNIVERSITY OF WESTERN ONTARIO

THE CHAIRMAN: Gentlemen, we are pleased to have you with us from the University of Western Ontario. The people in the back of the room are having difficulty in hearing my distinguished colleague Mr. Camp but in any event I keep saying he is a very soft spoken gentleman. If one really wishes to come to grips with this horrible horse-race they have a choice, either to come closer which we would like you to do in any event or, in the alternative to get a hearing aid.

We have Professors Armstrong, Stevenson and Hamilton from the University of Western Ontario. I would be obliged if you would tell us some of your principal points and the recommendations that you wish to bring to our attention.

MR. STEVENSON: I think our concentration has been in an area where probably as a result of our experience we have tended to concentrate on educational publishing at the secondary and post-secondary level although I believe some of our recommendations will be in other than educational fields. We introduce the brief with a concise historical background and there is nothing unusual in that but there is the temptation to point out the problem that is facing us all today.

For Canadians the main thrust of our sixth recommendation has been to encourage in authors, and older authors, to be able to get into the publishing of educational material more than they have. Our recommendations reflect one of the problems which I suppose is one all of us have experienced from time to time and we have attempted to make the recommendations, I think, as positive as possible in terms of Canadian content versus American content and Canadian publishers versus American publishers.

Now, one thing I want you to understand -- we don't have it terribly clear, I think, in our brief -- when we refer to textbooks, really we refer to, not the narrow definition of a textbook, but learning resources such as any schools have now. It might be a single volume, it might be a paperback series. It might or might not be accompanied with supplementary notes. Would you like me to summarize the recommendations, gentlemen?

THE CHAIRMAN: Please do.

PROFESSOR STEVENSON: Our first one is a general recommendation. It was our feeling that, rather than direct subsidization to the Canadian publishing industry, we felt it was far better to encourage Canadian publishers by the provision of risk capital. It seemed to us ---

THE CHAIRMAN: I think it might

be useful with this particular brief, if we have questions as you proceed. What do you mean by "a Canadian publisher?

PROFESSOR STEVENSON: A Canadian publisher to us, I think would be one where certainly the large majority of stock in the company is Canadian.

THE CHAIRMAN: The controlling sector.

PROFESSOR STEVENSON: Something more than 51 per cent of the shares. It should be a distinctly Canadian company.

THE CHAIRMAN: Do you think 51 per cent is not sufficient control of a Canadian company, such as a publishing company?

PROFESSOR STEVENSON: It is evidence of it, because later on we do recommend that American publishers should, after a period -- I think we say five years -- should be required to shift their capital ownership of 51 per cent to Canadian ownership. That, if you like, would satisfy certain provisions regarding the Canadian-American problem. The distinction I make is that a Canadian company would have to be something more than that.

THE CHAIRMAN: I see.

PROFESSOR STEVENSON: Do you have any more questions on number 1, or should I go on to number 2?

Here we recommend that the Government

of Ontario establish an independent preview committee to stimulate Canadian authors to enter the textbook field by examining manuscripts, or outlines of proposed books and by suggesting revisions designed to improve the prospect of publication. Under this system previously unpublished authors would come before the committee with their proposed work, could approach publishers with more confidence. I suggest perhaps the same committee might also be willing to preview the contracts of inexperienced authors. This is purely designed to encourage and assist previously unpublished authors to produce. I think behind our thinking is something worth explaining. It reflects our view of rapid educational change. We feel now that for a young person or even an experienced author to invest perhaps three or four years of his time in the publication, the production of a textbook without any kind of guarantee of publication is a waste of time.

Now, as I am sure you are aware, it is quite common that publishers working with unpublished authors request that they write an extensive prospectus, half a dozen chapters, or whatever they want, as evidence of, I suppose, production or what-have-you. We felt this might help to stimulate the whole process.

In the length of time that is

1 involved we felt here that the risk is really
2 with the author and not the publisher, and we
3 are trying to do something to cut down that risk
4 as much as possible.
5 Shall I go on?
6 THE CHAIRMAN: Please.
7 PROFESSOR STEVENSON: Number three
8 has several subsections to it. Basically it
9 refers to contracts and so on. We recommend,
10 first of all, that publishers adopt a standard
11 contract form and then the subsections refer
12 to points which we think they might well consider
13 in using such a standarized contract. The first
14 we suggest is:
15 "Royalties should be graduated
16 upwards according to the number of
17 copies sold . . ."
18 MR. JEANNERET: May I ask a
19 question? Royalties clearly don't represent
20 the production or investment costs at all.
21 They are purely a residual cost. They are
22 not incurred until after a book is sold and
23 then they are paid out of revenues that have
24 been collected over the previous 12 months by
25 the publisher as a rule. Would your proposal
26 for a scaling of royalties on textbooks -- it is
27 very common on trade books -- on textbooks would
28 it not constitute simply a proposal to increase
29 the selling price of Canadian textbooks? It
30 will have to be retrieved as a selling cost on

something and it bears only on the list price. Would it be 20 or 30 per cent -- do you think the market would stand for the increase in price? There is no extra investment to the publisher.

PROFESSOR STEVENSON: First of all, I don't think publishers are like authors. The standard royalty, I understand, is 10 per cent. Our point of view here is not really to consider who will bear the cost of the greater royalty. I think what we had in mind was something like this, that on an initial run they would use the standard of, say, 10 per cent. On a run over 5000 copies perhaps it might be 12 per cent for the next 5000. For succeeding publication runs it might be something higher, maybe up as high as 15. You are perfectly correct in suggesting if a publisher wished to do so he would pass on that extra 5 per cent to the consumer and thereby raise the cost of the textbook.

MR. JEANNERET: But you do have a special situation in the textbook field that does not occur in the trade book field. In the trade book field there is an initial printing period and that is the end of the story. The reprints are the happy exception. In the case of textbooks the publisher of a textbook that has an initial printing and nothing more has lost money and lost money heavily. Also in the textbook field is it not true that you have a competitive situation and it sometimes could

be put in the trade book publishing field that the competing publishers are not after the same buck, but they are in the textbook field and for this reason the competitive force presses down the selling price -- not low enough, as the consumer will admit -- from a publishing standpoint a difference of 25 cent in the selling price of a textbook can very easily spell the difference between adoption and non-adoption. Therefore, here the effect of the proposal must be on list price, must it not? Perhaps it should be, but I am not quite clear that the livelihood would escalate on the textbook if it is on the same basis as the trade book.

PROFESSOR STEVENSON: I grant what you say is probably very true. Escalating royalties, if you look at it another way, textbooks at least at the secondary level and lower, are paid for out of government funds. It is an indirect way of subsidizing the Canadian authors and encouraging them to write, and if it means increasing the price of books, I think we would probably agree that is something the government ought to be prepared to do. Perhaps my colleagues would like to add some comment here.

MR. JEANNERET: I won't pursue that.

PROFESSOR STEVENSON: I am talking about the competition, too, that exists on an

occasional book.

MR. JEANNERET: Would you explain (b) on the top of page 2? You, in effect, say

"Trade and educational discounts should be precisely specified in contracts. If they are exceeded by the publisher the author should not suffer financial loss."

Why should they not be exceeded?

PROFESSOR STEVENSON: It is our experience that authors sometimes have no way of knowing what the trade or educational history, in fact, is. Royalty statements sometimes appear in such a way that you can't figure it out. The implication behind the statement is that a publisher, if he is not on his toes with regard to sales, may find his sales force has not moved as much as he wanted them to, and so forth. Therefore, there would be the temptation to discount the book beyond the normal discount. This could be done quite easily without the author ever knowing about it or having anything to say about it. I suppose the implication is here the book publishers are not getting the sales on their projected runs and so on. This also, I suppose, would be an example of why you would want a standard contract form. We think the discounts should be spelled out

precisely and if those discounts are going to be exceeded, then, they should not be done in excess.

MR. CAMP: You are not talking about wholesale discounts?

PROFESSOR STEVENSON: No.

MR. CAMP: How does this interfere ---

PROFESSOR STEVENSON: A royalty would be a stated 10 per cent on the net. The net is determined after the discounts are placed on the book. I think we are reflecting our experiences, granted. I have never seen it specified.

MR. JEANNERET: Frequently in textbooks, in effect, you are saying if the opportunity for another market presented itself, they could give the author of the textbook another 10 per cent discount or something of this nature. You would be willing to see the publisher forego that, or you would expect to receive the royalty on the basis of the price, the retail price of the book. Is this not a result of that?

PROFESSOR STEVENSON: You are not thinking like a publisher but like an author. I think if there has to be a change in the royalty the publisher, in fact, must be able to absorb that change. Otherwise, we feel it is a discouraging burden to place.

MR. JEANNERET: If we can discuss subsection (c):

"The competition clause should always be made binding on both the author(s) and the publisher."

I take it as saying the publisher would be restricted to publishing one book in each subject area and grade level ~~with a~~ during the full copyright thereof. I wonder if this might not slow Canadian publishing down at a time when publishing at home should be facilitated. Is that what it says?

PROFESSOR STEVENSON: Yes.

MR. JEANNERET: There should not be more books published than areas of subjects there are?

PROFESSOR STEVENSON: No.

Let us use the university textbook, the freshman textbook where there are quite often large markets involved.

First of all, I think it is within the spirit of the recommendation that we feel that if an author is going to be bound to contribute a similar and competing work to the publisher then it is within the bounds of fair business practice that the publisher has a commitment to the author as well and should not, in fact, engage in competing with the book on another market.

MR. JEANNERET: For 50 years.

PROFESSOR STEVENSON: I am not sure about the 50 years.

PROFESSOR ARMSTRONG: Take the case where a person writes a book on the field of history. Say the author agrees not to write a similar book in that field. There is nothing to stop the publisher saying, "There's a chance for a second book in the field, I can put out a paper-back at less cost" and the author finds instead of getting royalties on it the publisher's paper-back is the one that is taking the royalties.

MR. JEANNERET: It is in the public interest for publishers to specialize in particular areas and particular publishers might do works on federalism or something of this sort which is in the public interest. You are suggesting a situation should obtain where in the interest of the publisher you would let a work go out of print.

PROFESSOR ARMSTRONG: Usually now the field specified by the author is a rather limited field, say the local history of Ontario. But the point is that as a teacher I have quite a stream of publishers' representatives coming through and it certainly seems not to be in the publichers' interest in this day in these series that are coming out in Canadian publishing that even if it was rather limited in terms of years and terms of time, the contracting on publishing, there are going to be plenty of other publishers publishing similar books.

THE CHAIRMAN: Is it your theory that it is basically inequitable for an author to find himself restrained by the restrictive covenant when his publisher is not? Is that your basic complaint?

PROFESSOR STEVENSON: No, we simply feel it is unfair for an author to be restricted this way when a publisher is not. Our primary interest is with the publisher here, the onus and recommendation is on the publisher. There is no way any of us should suggest that authors should be able to write competing books for another publisher.

THE CHAIRMAN: What is the foundation for that position?

PROFESSOR STEVENSON: I would regard it as personal, a personal opinion. It is academically unethical to go out publishing the same idea twice in a slightly varied form.

THE CHAIRMAN: If you are writing another text in a similar area at another level, for example --

PROFESSOR STEVENSON: That is not our intention. Let us go back to the freshman textbook for a large market and let me use an example which I think will be of interest to the Royal Commission. Let us say we have an American publisher operating in Canada -- and there are several who have large sales forces and large operations -- and they will certainly attempt to corner the market on a certain area. Now, here if you find the American publisher publishing three textbooks designed basically for the same level of course, it not only hurts the authors but it also hurts the publishing industry in Canada because you reach something which I think you might call inflated publishing. Some publishers with enough backing and a large enough organization might be able to carry three very similar textbooks and market them successfully but in so doing they impose an unfair advantage on other publishers and the authors. That is all that is behind that recommendation.

So, I think what it means is that we want fair business practices for both authors and publishers and, too, we do not want the publisher to inhibit the market but rather spread the market that does exist throughout the whole Canadian market, thus giving the Canadian publishers the

advantage.

The next one refers to the right of first refusal. We suggest that this should be prohibited by law.

MR. JEANNERET: I could comment on that. I personally am aware of this clause but I must confess that in certain areas this publication of the first book of poetry or even the first novel might put the decision to publish on the publisher. The publisher is not necessarily going to take a chance on the first collection of poetry knowing perfectly well that if he has even a three-quarters success that on the next one some publisher will outbid him and that is what the first refusal clause is supposed to accomplish. It works in the interest of the author hopefully, too.

MR. CAMP: It is a fiction anyway.

In the first place the author has the option and the publisher has the decision as to whether to publish or not publish merely to oblige the author to submit his manuscript or what-have-you. I don't see that that discriminates against either one of them. On the second book, for example, these terms might possibly be different. He should have no compulsion, no option, other than to let them see his next work.

PROFESSOR STEVENSON: Don't you see any inequity that it might be published at an unfair advantage, the knowledge that they control his book or manuscript?

MR. CAMP: Take his second manuscript to the publisher and say, "Here is my next book", and the publisher says, "I will publish it" and the author says, "All right, let us see the contract, then that is not acceptable". Now, the degree to which a publisher has from that day to publish or not publish that book -- mind you, I agree with you in terms of the over-all point you are making but I think that is as between the author and publisher. If he thinks it is a matter that is up to the publisher, leave it in, but I don't think he is binding himself.

PROFESSOR STEVENSON: Well, let me answer. First, as to what Commissioner Jeanneret said, I am not sure that publishers need all the protection they sometimes claim they do with regard to, say, first edition of poetry. I think the publisher has to operate in the free enterprise market.

MR. JEANNERET: I am asking whether or not this is in the interest of the authors to provide this additional incentive to publishers to publish it.

PROFESSOR STEVENSON: Well, frankly, I would ask both publisher and author to get together, I have a little more faith in Canadian authors. First of all, let us get back to the main point. We are not really talking about poetry here, we are talking about educational publications. In that case I think I can illustrate several failures.

I would disagree with the Commissioner that pre-knowledge of the proposed book is an advantage. Regardless of the attempt to catch up sometimes it is still a distinct advantage. Now, the other way that this becomes difficult is that in educational publishing the first refusal clause first, in fact, restricts an author's activities. The very fact that let us say he signed one contract in his life and that contract happened to have a first refusal clause in it, that could very well inhibit his future publishing habits. For instance, if I use myself as an example, the first contract I ever signed had a first refusal clause in it. Now, I had it deleted and there was no problem but had I signed that contract with the first refusal in it my next three publishing efforts would have been severely inhibited because they were efforts involving other people and I am sure that there is no way that other people would help me in presenting my ideas to a publisher and there was no idea of showing them a manuscript because I had never signed a contract promising to show them a part of a manuscript. So, I feel in that case it would constitute an unfair advantage.

MR. CAMP: Contractually you are not obliged to show them your ideas.

PROFESSOR STEVENSON: Contractually I would be prohibited from signing with another publisher before I gave them a chance and I would

have been prohibited in each successive case.

THE CHAIRMAN: All right, your point is well made, the right of first refusal.

We will go to point (e). What do you mean by that?

PROFFSSOR STEVENSON: Well, this gets back to the Canadian-American problem, "Canadian authors should not receive reduced royalties on foreign sales". They should not have royalties reduced up to 50 per cent in our own case and 90 per cent in the United States. Personally I have only had one experience of this and the book in question didn't have a market in the United States but the fact remains had the book had a potential market in the United States the royalties to the authors involved would have been half what they would have been on the Canadian sales. The only answer I received from the publisher on this was that there was a ruling made in New York and he could not alter it. Some alteration in this might be made due to transferring shipment and use of a sales staff and so forth.

THE CHAIRMAN: The ruling was made by the New York publisher.

PROFFSSOR STEVENSON: As far as I know.

MR. CAMP: The same publisher?

PROFESSOR STEVENSON: No, a different publisher, this was an American publisher operating in Canada. The contract which was eventually signed

has that clause in it. It is not an issue in the book the contract covers but quite frankly had the book had any potential market in the United States I do not think it would have been signed.

MR. JEANNFRET: However, let the record show that this condition of a reduced royalty for export sales,which I don't necessarily defend, is that normally in international publishing it is what you expect to find in a contract between a British author and a British publisher and an American author and an American publisher and there is nothing in it that takes special advantage of Canadian publishers.

PROFESSOR ARMSTRONG: Doesn't this put the author in a smaller country with smaller sales in a worse position as against a larger country with larger sales? The Canadian author is in great trouble in the Canadian environment.

MR. CAMP: That may be true. Let us say he published a book in Canada with McGraw-Hill and McGraw-Hill distributed it in the United States, would the author in that case be discriminated against?

PROFESSOR STEVENSON: The only way it might be alleviated I think would be if in the initial agreement the agreement stated that there would be joint publication both in the United States and in Canada simultaneously.

MR. CAMP: What I am getting at is, if it was published in Canada would there be an advantage to publishing it with an American company or, to put it another way, would there be disadvantage to publishing it with a Canadian publishing company?

PROFESSOR STEVENSON: It is hard to answer but off-hand I would say the right way to do it for Canadian authors' advantage, would be to publish with a Canadian firm and have them market it through an agency in the United States. That would probably be the best solution.

MR. CAMP: So then you would have the reduced royalties type of thing.

PROFFSSOR STEVENSON: I don't think the objections would be as high as a result of this recommendation. I think, for example, on a normal 10 per cent royalty, rather than where you see 5 per cent on average sales, I think it might well work out to something like 7 or 7-1/2.

MR. CAMP: But the McGraw Hill example, what you are saying is that ---

PROFESSOR STEVENSON: No, in fact, I don't.

MR. JEANNERET: I think we have to recognize there is an auction going on at every level of publishing. There are good authors and poor authors and middle-class authors

and there are good royalties and poor royalties and there are interesting contracts and mediocre contracts between publishers and authors and the way the marketplace operates here, rightly or wrongly, the comments you are making are very pertinent and very important, but to some considerable extent this would be as a result of negotiation as to what sort of deal you are going to get.

PROFESSOR STEVENSON: That is quite true. We recognize that. I think the spirit of our recommendation is that we should allow the marketplace to operate but not quite so freely.

THE CHAIRMAN: May we move on to Item No. 4.

PROFESSOR STEVENSON: This refers specifically to grants in aid of textbook purchases made through the Department of Education, through school boards and so on. In an effort to encourage the purchase of Canadian textual material for school use we suggest that increases over and above the normal grant be used for the purchase of Canadian materials. It is a direct attempt to stimulate Canadian publishing without, I might add, prohibiting the very valuable materials that are available from foreign sources and foreign publishers.

PROFESSOR HAMILTON: If I may add a comment to this, Mr. Chairman, we are quite

opposed to the idea of what the Globe and Mail would call a percentage approach in textbooks. In other words, by legislation stipulating Canadian content. What we are after here is encouraging it. We think it would be wrong to shut out books from other countries.

MR. JEANNERET: Is your concern here essentially secondary or basically post-secondary?

PROFESSOR HAMILTON: In this particular instance we are talking about secondary.

THE CHAIRMAN: So you think something like circular 14 should be on an assistance system rather than a compulsion system? Why do you say that?

PROFESSOR HAMILTON: We dislike the whole idea of compulsion. We don't think that -- first of all, we feel that a Canadian book has its merits and a school board should not be forced into buying a Canadian book if it is mediocre simply because it is Canadian. Beyond that we do feel that as a stimulus that some of our suggestions here might encourage Canadian titles among textbooks.

PROFESSOR STEVENSON: I think anything done to restrict the choice the teacher exercises would be bad. We are trying here to protect the individuality of the teacher, the educator in the classroom in not forcing them

to use Canadian books. In fact some of the textbooks which we now purchase are never used. Teachers introduce more variety into the curriculum of teaching and they fill out the form and buy the best book they can get and then they use a local reference book from time to time but it is never used in the traditional sense as a text.

THE CHAIRMAN: We heard this morning when I asked what was meant by "the spirit of circular 14" that the statement was made in the spirit of circular 14 -- that was to extend and encourage the content to be Canadian in the course of the school curriculum.

PROFESSOR STEVENSON: I think that has been the practice within the Department of Education. Circular 14 is a very controversial thing, as you are well aware, I am sure. Teachers, by and large, tend to regard it as a stricture publishers tend to regard it ---

THE CHAIRMAN: I wonder how the kids regard the product, but we will talk about that later.

MR. JEANNERET: There is no unanimity among the publishers.

THE CHAIRMAN: If you are making this statement, are you talking as authors or are you people now talking as teachers? I detected a sort of shift here.

PROFESSOR STEVENSON: I would

certainly be talking as a teacher because I have never written a textbook designed for mass adoption in a public system and I have never attempted to do so. The risks involved, the time loss and so on, I think are too large. I, frankly, have other things I would rather spend my time on. Maybe some of the others would like to comment.

PROFESSOR HAMILTON: By nature the present circular 14 does not necessarily press Canadian content. In your opinion that wasn't the spirit of it either. In 4(a) and 4(b), we hope to extend it further.

PROFESSOR STEVENSON: The only way circular 14 can encourage books or authors or publishers now would be to undertake the comments listed on circular 14. Even there the option, the teacher now has 3 to 4 options in each subject that is, and there is no -- I think there has been a suggestion from the Department of education that once you file Canadian ---

THE CHAIRMAN: Why do you think that it is all right for the Canadian book to stand down. Whose decision is it?

PROFESSOR STEVENSON: The teachers'.

THE CHAIRMAN: I am only asking a question. Every teacher we have from abroad makes a decision in favour of her or his own favourites as to whether a book should or should not be

purchased for use in the classroom.

PROFESSOR STEVENSON: Ideally, yes.

THE CHAIRMAN: And that is where the decision in your view -- I was trying to find out in your view where the decision should lie as to whether a book should be acquired and used in the classroom.

PROFESSOR STEVENSON: The only department that achieves anything close to true autonomy is the English departments where they use the books of their own choice and in some cases without adhering to what the three-year usability of a book that you buy with public funds should be. I don't know how they do it.

THE CHAIRMAN: I take it your opposition really means that circular 14 could be dropped very happily. That is your problem, is it not?

PROFESSOR STEVENSON: I don't think I would like to go quite that far. At one time I would have. Speaking personally, I think it is useful to have a guideline.

THE CHAIRMAN: Mr. Camp said in connection with the Canadian aspect of it.

PROFESSOR STEVENSON: In principle I would not make it mandatory for teachers to purchase Canadian books.

THE CHAIRMAN: Recommended text, whether they are Canadian or American, should be used in the classroom? Is that right?

Can we press on a little further? I would like to ask some general questions which I am sure you would like to answer about the rest of your points here.

PROFESSOR STEVENSON: Should we go on to number 5?

THE CHAIRMAN: Please.

PROFESSOR STEVENSON: I have already touched on this.

MR. JEANNERET: "Firms publishing books in Canada should have 51% of their voting stock held by Canadian owners."

I agree British or American firms in Canada should be prohibited from publishing books by Canadian authors in this country. I don't know whether I should read it as saying -- however you read it, this imposes a terrible publishing burden, surely, on a handful of Canadian publishers and at a great cost to Canadian authors. Is that what it says?

PROFESSOR STEVENSON: If there was such a burden ---

THE CHAIRMAN: Perhaps you would explain what you mean by (a)?

PROFESSOR ARMSTRONG: I think we might go down to (c). We are into a period now where the Canadian government is considering publication as an industry, and a company such as MacMillan, which is an English firm, which is 51 per cent owned here

and I believe the stock -- McGill and Queen's Universities -- neither one is doing greatly with Canadian publishing and I can see the only interest of Canadians in the publishing industry basically through legislation brought home to Canada so the majority of the voting stock in the long-run was held by Canadians.

THE CHAIRMAN: Why would you argue it should be Canadian and brought home ---

PROFESSOR ARMSTRONG: It brought here, I should say.

THE CHAIRMAN: If circular 14 should stand up, where is the consistency between the two arguments?

PROFESSOR ARMSTRONG: Circular 14, the ---

THE CHAIRMAN: Let me ask you, isn't it more important that the texts that are used and the thoughts that are spoken about are Canadian in the textbooks than it is to have the publishing firm 51 per cent Canadian?

PROFESSOR STEVENSON: No, I think ---

PROFESSOR ARMSTRONG: The decisions are made in Canada, basically, and this allows far more freedom. The business is in Canada so they would have somewhat a Canadian outlook. To have such as MacMillan's, which is not mostly Canadian -- it is a Canadian outlook and very important in the survival of the Canadian publishing industry.

PROFESSOR STEVENSON: I think it is also something we feel that Canadian branches operating in Canada should do. To go back to your circular 14 question, it is unrealistic to suggest anything to improve the conditions of the publishing industry that either are going to be (a) academically of (b) educationally disastrous.

Now, we referred to something earlier on where we don't wish to encourage a narrow sort of Canadian nationalism.

THE CHAIRMAN: Are you prepared to encourage any kind of Canadian nationalism now or otherwise?

PROFESSOR STEVENSON: Yes, I think we are. I think a lot of our recommendations have tended to do that.

MR. CAMP: The publishing business both here and in the United States, if you were so arbitrary as to assume that the whole Canadian publishing industry who have been operating in Canada in the last five years should invest itself with 51 per cent of the shares and then went down to 49 in terms of sales in the free marketplace, do you believe in the equity situation we have today that we should encourage Canadians to buy 51 per cent of a publishing company? Do you think really it is a marketable proposition? On account of bad management, mismanagement or difficulty --

PROFESSOR STEVENSON: We are not in favour of subsidizing bad management.

MR. CAMP: This morning we heard a good deal about that. I am saying I would think, with the type of formation that operates in this country, that the last thing we should persuade most Canadians to do would be to invest in a publishing business. What I would like to have from you is some kind of assurance that this is possible. I

1 realize it is a big question.

2 PROFFSSOR HAMILTON: Events might

3 prove that the Canadian investor would not take the

4 opportunity to invest.

5 THE CHAIRMAN: I think you might have

6 been introduced to this particular concept through

7 an understanding that in the television and radio

8 industry there are certain industries that require

9 that holdings be Canadian to the extent of 80 per

10 cent plus and then there are stringent rules and

11 regulations. The problem I think that is bothering

12 my learned friend, Mr. Camp, is that by and large in

13 the radio and television industry -- and I am sure

14 none of them would object to this kind of statement --

15 that the earning power of these particular stations

16 individually, generally speaking, is far greater

17 and far higher than the individual publishing firm and,

18 therefore, if Famous Players, for example, was

19 required to divest itself of certain interests

20 they have got a marketable commodity to sell.

21 What is bothering Mr. Camp is that, can you require

22 a foreign-controlled subsidiary to be sold or

23 controlled to pass into Canadian hands and who is

24 going to buy it? That is the question.

25 MR. CAMP: Further, Mr. Chairman, if

26 you did achieve this measure it seems to me in order

27 for them to get the value of the shares out of the

28 marketplace probably they would have to become more

29 and more aggressive and more active in total sales

30 on the market. They would have to compete in the

Toronto Stock Exchange. I cannot see where people would go out and buy Canadian books just because 51 per cent of the firm belonged to Canadians.

PROFESSOR STEVENSON: For example, I don't think we would object to the sales of foreign books. We don't want to restrict books and the fact the publishers are Canadian, British or American should not prevent them from marketing in Canada. That would restrict the free distribution of books. Could we state it this way, some of us are either economists or businessmen. We felt that it would be reasonable for them to have 51 per cent -- not 80 per cent but 51 per cent of the shares in Canadian holdings. If this in fact proves unrealistic from a financial point of view then we would have to say we are in greater trouble.

THE CHAIRMAN: What you are saying is that you think it would be desirable in the public interest that this sort of situation might exist. That is your interpretation and can we leave it at that?

PROFESSOR STEVENSON: That is basically it, yes. Do you want to cover (b)?

THE CHAIRMAN: Yes.

PROFESSOR ARMSTRONG: Number (b) is the large amount of literature coming up from the United States, you have people coming up selling books for use in Canadian universities from an American head office rather than a Canadian head office and the effect of this is, there is a movement

jobs for the people and this is all in the United States and not in Canada, whereas with an agency in Canada it would create more jobs here.

MR. JEANNERET: You are saying keep the rest of the books out?

PROFESSOR ARMSTRONG: No, I don't say keep any of the books out, it doesn't matter what they are selling. The point is if a publisher wants to do business in Canada if he is selling American books or Canadian books or Canadian authors published in the States, then he should have some kind of a base of operation in Canada.

MR. JEANNERET: And not be sold here.

PROFESSOR STEVENSON: We are not impressed with people who make no investment in the basic Canadian economy and so on. We feel if a publisher wants to exploit his share of the Canadian market he ought to be prepared to have a Canadian base.

MR. JEANNERET: I am sympathetic with your concern but you are, in effect, saying that you would under certain circumstances be prepared to deny access to the Canadian reading public of a substantial portion of the world's publishing in English and to restrict the publisher's right to market those books which are imported through Canadian agencies.

PROFESSOR STEVENSON: We don't wish to restrict the agency sales. These are publishers--

MR. JEANNERET: I am saying those that

are not handled through the agencies in the way you say, those books are not to be made available to Canadian readers, even if they want to accept them.

PROFESSOR STEVENSON: We accept the sales at the moment, I think that is fair enough, so we are not attempting to say that a publisher who has not an operation in Canada who cannot sell his books from a Canadian base, then there are others who are doing it, that is fine, but I think a specific example we have in mind would be educational sales that would be to Canadians but they operate either out of a suitcase --

MR. JEANNERET: I would say that perhaps 40 per cent of the books purchased by an academic library in this country are not handled through agencies or available through agencies at all.

PROFESSOR STEVENSON: I don't know where academic libraries are concerned. We are concerned with books purchased by students.

MR. JEANNERET: I just want to say one thing, Mr. Chairman, and that is that I have had a pinning down on certain questions in your recommendations and I am not asking these questions for any other purpose than to clear things up in the record.

PROFESSOR ARMSTRONG: I think the university library such as the Toronto branch, these are the publications they will have. It is one thing for a university library or a public

library but this is quite a different thing from having an American publisher flooding all the Canadian universities say with this information on the books and putting nothing in the country himself. This is what bothers us.

PROFESSOR HAMILTON: As a footnote, that creates great frustration.

THE CHAIRMAN: I wonder, gentlemen, if you have some general questions which you wish to ask?

PROFESSOR STEVENSON: Did you get No. 6? This is something that refers more directly to academic publications. We felt here after we sent the brief in, we did want to say something about the publication of basic research because we feel that this accessibility on a regular basis is pretty fundamental to quality publishing of educational materials. None of us are convinced that present methods through scholar leagues and what-have-you would give the kind of information that would make the fundamental research more readily available to those who are interested, primarily authors working on educational material.

PROFESSOR HAMILTON: That is one of our great concerns here. To take an example, the X number of years it takes before that research finally becomes knowledge, it is the process of getting some of these ideas through.

MR. JEANNERET: I think a good case can be made though from distinguishing between a

thesis and a book.

PROFESSOR STEVENSON: If you get one article out of a thesis it might take two or three years before it was published in another academic journal.

MR. JEANNERET: It does take a certain amount of time for a person's contribution to reach the public.

PROFESSOR ARMSTRONG: The University of Chicago has a series of publication of thesis and something like this might be encouraged where they do come out quite rapidly. This might be encouraged among Canadian researchers.

PROFESSOR STEVENSON: It doesn't have to be geared to a degree. A good deal of research is going on in the country. Frankly, it is very difficult to keep up-to-date with what is going on and what has been made recently available and so on, particularly in the form of textbooks. It is practically impossible to keep it revised to date as you are going along.

PROFESSOR HAMILTON: That is one of the great joys of a book reviewer is where often the author has made a very serious effort to cover the field and sometimes it is practically impossible.

MR. CAMP: Well, you have relieved my curiosity on American books in the field.

PROFESSOR HAMILTON: There is that phrase, "tremendous American ideas", the footnote on the bottom of page 2, the same idea one finds in

the "From Alexander of Montreal".

MR. CAMP: I wanted to ask you a couple of questions which I would like to have answered for my information in this regard. Your own experience is academic. Have you any grounds for believing that an American national professor would use more American textbooks in a Canadian college?

PROFESSOR HAMILTON: This is very strange and unusual. Most of them have graduated from American institutions and most of them will tend to put on the reading list the books of their own professors and I think, naturally, they do this.

MR. CAMP: You make some kind of segregation yourself, not between nationality but the author of the book.

PROFESSOR HAMILTON: All three of us like to have any assistance we can get.

THE CHAIRMAN: Mr. Camp, I take it then you would be willing to take assistance from any books you could get your hands on?

PROFESSOR ARMSTRONG: There are certain books written by several American professors which are of great help to us.

MR. CAMP: One of the things which I think Mr. Sandwell said this morning was about the unconscionably high prices for textbooks. It has been my experience so far that this is a fairly common complaint. Would you think first of all, it is true that it is a common practice and what

could be done about it?

PROFESSOR ARMSTRONG: Possibly I could answer that. On a textbook, the cost of printing is getting to be prohibitive. For instance, as a teaching Canadian, this is the variation of books, the price on the paperbacks are getting so high that you can't purchase,any later than yesterday,for any less than $4.50. Now I understand that they are getting a 30 or 40 per cent discount and a 12 or 14 per cent educational discount.

The change in discount here might make a difference in putting the price where you could afford it.

PROFESSOR ARMSTRONG: This gives a problem to the university book stores of whether they should carry these books or not in stock.

On the other hand, one feels, for instance, our book store is just being circularized and meeting student resistence on purchases. Students seem to regard $20 or $25 the maximum they can spend on their books for any one course. It is a very acute problem.

MR. CAMP: Would you say most textbooks are fairly priced?

PROFESSOR STEVENSON: May I say something here? There seems to be an amazing discrepancy between the prices. In other words, to try to find a price compared to the size of the book or the form of the book seems to be very difficult. At the public and high school level, I am not sure when you say textbooks are overly priced. It would not be my impression they are. At the university level, as Professor Armstrong has indicated, it is very difficult for teachers, in choosing the books, to make a selection of books to be used in the course. A rule of thumb I quite often use -- I am not quite sure how to express this -- is that it is the books you can ask students to buy

for a course are within reason as to the total price of $20 for university students. I say this because quite often courses now -- the days of the single-textbook course are disappearing very quickly, so you quite often combine them, but in paperbacks, I don't know. I have never been able to figure it out. Publishers tell me, for example, it is cheaper to print paperbacks in Canada than it is in the United States, yet I can cite examples where American paperbacks will undersell Canadian paperbacks nearly every time. This is something I simply don't understand. The pricing changes too.

PROFESSOR HAMILTON. One is selling for $9.95 and the current issue of Canadian Starlight Review -- it may be a typographical error, but we don't know. We will be looking forward to our mail. I might say on this subject ---

PROFESSOR STEVENSON: It would be worse if you published the book!

PROFESSOR HAMILTON: In an effort to get around the high cost of textbooks we try to sometimes get away from prescribing, say, one or two textbooks and just give out a list and say, purchase or read any of these 6 or 7.

PROFESSOR STEVENSON: Reflecting their own interest.

THE CHAIRMAN: Gentlemen, thank you very much for coming in and treating with us and answering questions. You have been

very helpful to us. We may talk with you again. In the meantime, thank you very much for coming.

PROFESSOR ARMSTRONG: Thank you, sir.

THE CHAIRMAN: We will break for five minutes.

---Recess

THE CHAIRMAN: The final item on today's agenda is Mr. Sam Stewart and Mrs. Whitteker from Quill & Quire. We welcome you and we have read the material. Could you give the high points for us, if you would?

MR. STEWART: Thank you very much. Mr. Chairman and members of the Commission, I will be as brief as possible. I am sure it has been a long day for you and I would like to get right to the point. The point, as I see it basically, is that Canada as a civilized nation, is quite the equivalent of any major power in the world but not in publishing. In publishing we are about three rungs down the ladder by any standards. The question is, what are we going to do about it? Presumably that is why you gentlemen are sitting there, is because something is going to be done about it. Even in our small way at Quill & Quire we are trying to do something about it. In this first portion of our brief is an indication of the record of what we

have tried to do and, hopefully, what we have partially succeeded in doing. I don't think, unless you would like me to read it, there is any point to stress in that section of it at this moment. I would be delighted to answer any questions and I do hope that you will ask some.

In the second section we applied ourselves to what I think is not only our duty, but the duty of every Canadian and every person connected with publishing in Canada to have some concern and have some constructive solutions in respect of what can be done in Canadian publishing. I don't think that witch-hunting is going to help any of us very much, so you will not find this here is greatly concerned with witch-hunting. It is concerned with what we believe to be constructive proposals in various segments that may be what you are considering in the course of the next few weeks, and the period of the Commission. We have made no attempt to produce substantiating data in respect of these beliefs. That is presumably the function of the Commission to find such data in real depth. At Quill & Quire we have, of course, been engaged in what we have called "Studies in Depth" and trying to get out such facts as can be found and there are, lamentably, few for this industry. With the need and the great volume, we appreciate what

the Commission is doing.

What I am now going to read is a couple of pages which is headed "Some Notes on the Publishing Industry in Canada" and it states:

"We do not consider it our function to present at this stage a brief on Quill & Quire's overview of the Canadian publishing industry. Nevertheless, as the foregoing may have shown, we believe we are in a particularly suitable central position to have such a viewpoint, and we are prepared if necessary to submit such a brief at a later stage in the Royal Commission's work. For the meantime, we would like to state our considered position that, although much obviously requires to be done to assist book publishing in Canada, we believe this can be best achieved by evolutionary rather than revolutionary methods.

"We believe that the complexities of the book trade are such that no ready general panacea is likely to be available, and that the only probably profitable examination

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can be by a separate approach to the various markets - trade books, educational books, university and school books, technical and professional books, paperback - mass market and quality, etc.

"We believe that the area of copyright requires very careful examination, and that the aim must be to create a true Canadian rights situation which has the identity and strength of legal protection - not by trade contracts solely.

"We believe that legitimate pressure must be brought to bear upon the custodians of public funds in library purchasing for that money to be spent through Canadian sources whenever possible - though not to the obvious disadvantage and detriment of the Canadian reader, borrower or taxpayer.

"We believe that the 'agency system' of handling imported books may have outlived its usefulness in its present form and that immediate attention should be given to reconstructional suggestions

in this area.

"We believe that some form of combined, highly professional and successfully automated warehousing and billing operation should be established, to accommodate many participating publishers in the service function.

"We believe that close relationships between the provincial departments of education, the publishers, and the audio-visual and related manufacturers are immediately necessary to protect the Canadian contents of Courses of Study against the all-purpose multi media kits now coming in from the United States.

"We believe that in the last two decades an increasingly competent professional cadre of trained publishers, editors and writers has been created in Canada and that this is continually gorwing, both in numbers and quality. We believe this publishing professionalism is of great importance to this country, irrespective of the nationality

of ownership of the employing publishing house.

"We believe that the recent Consultation 2 with the Federal government and members of the book industry is potentially valuable, especially as it concerns the proposal for a Canadian Book Publishing Development Board, and we look forward to receiving intimation from the Royal Commission as to how it views this or other similar methods of approach."

And then I finish by saying we want to do everything we can to help and, in saying that, I would like to stress one point which is quite important and automatically accepted by most people in this room and I think most in Canada, which is there must be a distinction between the book as a commodity and the book as an instrument. As a commodity, a book is of very little importance. It is .09 per cent -- .06 -- sometimes .09 of the gross national product of this country, which, of course, is inconsistent comparatively, and hardly worth the argument and trouble. The book, as an instrument, is a very different thing and I would insult everybody in this room if I tried to state otherwise. I think that is what this is all about.

THE CHAIRMAN: Thank you, Mr. Stewart. I must say that the brief is an excellent one and we have read it and we will have some questions in relation to it very shortly. I also want to say for myself, and I am sure for my colleagues, that we appreciate, in dealing with you and your colleague, we are also dealing with two people who are very cognizant in the trade, the book-publishing industry. We also appreciate we are in the presence of two people who, when we have finished with our deliberations, make recommendations as we choose to do so, whether interim or otherwise, that whatever we do or say will in any event be the subject of some sort of comment by you. Nevertheless, we, to use the word "shrink" again, we will not shrink in any way. We will now ask the questions that should be asked.

Here we go. Would you like to start off?

MR. CAMP: No.

MR. JEANNERET: These are not in order of importance, Mr. Stewart. In here you make a proposal in some detail with regard to Canadian basic books. Does this relate exclusively to books written and published in Canada?

MR. STEWART: I would like an opportunity of expanding on this. The pattern of events has changed since we submitted

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the brief. We have applied to Canada Council for a grant in aid for publication and it seems possible it will be granted. The purpose is as follows: At school libraries, public libraries, and some book sellers in Canada have as their only Canadian bibliographical tome at the moment, Canadian Books in Print. Canadian Books in Print, as you know, covers over 15,000 titles in English and French, many of which are not really very pertinent or relevant to certain of the school libraries, or many of the public libraries. What we want to do is to produce a collection of something like 2000 Canadian titles. The definitions will be as follows: First of all by "Canadian" we mean everything will be Canadian. Each book which finds its way into this publication will have at least one Canadian author and will be published in Canada. That is a Canadian book.

MR. JEANNERET: En anglais et francais?

MR. STEWART: We have decided it would be presumptuous of us to make the kinds of choices that are required -- not presumptuous but stupid to make the French choices. So, therefore, that is criteria number one. Criteria number two is a basic book. Defining a basic book as follows, and happily we are getting the advice of some people in the trade, publishers, librarians and certain help from the

Ontario Department of Education to make the selection. By "basic book" we mean a book which is an active, live book of use to the Canadian school.

MR. JEANNERET: How have you proceeded with the publishers?

MR. STEWART: In an elementary way. I have spoken to about six publishers who have shown considerable eagerness for it. The notion would be that we would distribute this and we would ask the publisher in respect of the books selected to give us between 25 and 51 per cent write-up. This would cost them nothing. Maybe we later could circulate this to the schools in Canada and to public libraries and we have -- this is probably a little premature, but with the success we have met with the Canada Council and High School of Trade and Commerce in Ottawa wanted to buy 5000 copies of this, and welcomes this sort of authoritative selection that would be the prudent use in our advice in this matter. We are at this stage, because of the need to restrict ourselves to approximately 2000, we think for the market we consider where we are restricting this to long-distant books, that is books that are not especially short, books like textbooks. We would like to do this annually, keep on doing it up-to-date. That is my intention.

MR. JEANNERET: On page 11 you make the case for the creation of a true Canadian rights situation. It seems to me that this objective has already been thwarted or at least contradicted by the recently published report in the Industrial and Economic Department of the Economic Council of Canada. Have you any comments that you would like to make at all regarding the latter proposal?

MR. STEWART: First of all I must say that I have not read the book with any care and thoroughness.

MR. JEANNERET: Then I won't press you.

MR. STEWART: But I have looked on what they say on registration of copyright which is probably what we are talking about here. In brief, the notion that I have is derivative from the Canadian Rights situation rather than from the exactly copyright situation. I hesitate to talk too thoroughly about this in front of Mr. Jeanneret who is the world's greatest expert on this -- we all know that -- but what I would suggest is this, gentlemen, that in terms of Canadian rights on imported books that these rights are not settled in Canada at all. They are settled for the most part in England or in New York or somewhere else, that they date right back to some very ancient practices or old trade custom, things in the States.

I believe that instead of there being a large circle whereby all books retaining copyright

in Canada come in from outside sources roughly, as you know, 30,000 books a year from Britain, 30,000-odd from the States and Canada 2,000-odd, it is perfectly obvious that a large proportion of books that apparently are copyrighted in Canada are nothing of the kind: they are in a spurious sort of way. What I would like to see done -- and I know this is a very difficult thing to do -- is create a small situation, something like a split copyright whereby some body such as the advisory committee suggested in the Economic Council's proposal or in the Canadian Book Publishing Board's advisory side, if that is followed up by the federal government, some such body would have responsibility of giving specific Canadian copyright (a) to everything published in Canada (b) to works that are coming from outside but for which Canadian copyright is specifically requested and if this was so then books that were given this category of copyright would be protected by the law, not merely by the trade conventions or the trade contractual conventions of whether company A or company B has the right to distribute in Canada.

MR. JEANNERET: It appears if the Economic Council suggestion were adopted this would not be so.

MR. STEWART: Could I ask, if pressure resulted in this particular direction -- this is probably unfair -- I must ask for your opinion, but would it be possible for someone to put

pressure on the government or on the House to bring this possibility to their attention before the Economic Council's report was proceeded with?

THE CHAIRMAN: Mr. Jeanneret is waving his hand in my direction and saying, "You answer that". Of course, it follows that the report of the Economic Council is really nothing more than a report. The section on copyright is very well done, there are some concepts in it which appear to be more acceptable than others but there is no question that representations can be made both to the Economic Council and to the federal government in relation to the recommendations made. We would not choose to tell you which department to take them to but, in any event, it is a wide open kind of thing that I am sure they would appreciate comment on.

MR. JEANNERET: You raise a very controversial question here and we are going to hear it frequently at the hearings that lie ahead when you say, "We believe that gentle pressure must be brought to bear upon the custodians of public funds in library purchasing for that money to be spent through Canadian sources wherever possible". Would you be good enough to define more precisely for the record and for the benefit of the Commission the problem and particularly the phrase, "Canadian sources" that you are using?

THE CHAIRMAN: Also the word "legitimate".

MR. STEWART: I will tell you what I

will do, I will just forget everything you have said and try to answer the question forming it in my own way.

MR. JEANNETTE: Just in brief.

MR. STEWART: We all know that many libraries in Canada at the present moment don't buy from a Canadian agent publisher at all in spite of the fact that Canadian rights are regarded as belonging to the agent. I said, "regarded" because the whole point of what I was speaking to a few moments was to safeguard that situation. It has frequently been said -- and this has been pursued by publishers -- that in the long-run good Canadians know they are essential custodians of the public purse, that comes first, so, therefore, they must spend the money where they can buy the most value for the people who are paying to get the most value.

Now, I happen to have here in my hand a document which reached us yesterday. It came in through a library consultant and he has a note in it and, as I say, this is public knowledge and I sincerely hope it is. Apparently the regional library system recently decided to conduct an experiment between Baker & Taylor v. Canadian Agents. They took a sample of 200 titles and they split it in half in exactly the same order and put exactly the same order through Canadian Agent and the importing American house and this is the detailed report. You can have it, since I am talking to it, to put it into the record for the Commission if you

would like it but forgetting all the detail and coming to point 5 there is a statement which is nothing other than shattering. I will read it:

> "Based upon a conservative estimate of 50,000 volumes being acquired through this Technical Services in 1971, the differences in average volume prices displayed between (3b) and 4 and 3a) or c) above could represent a possible saving of from $36,000 to $38,000 for the participating libraries, but primarily London, who accounts for approximately 84 per cent of the total volume of the Regional Technical Services."

Now, in my stupid arithmetic that is about 72 cents a copy. There is something very badly wrong here. I am suggesting when I speak about agency system that the price differential -- and there is a service differential as well -- that this represents, that amount should be looked at with great care.

MR. JEANNERET: There was something else in your report. It says, "Purchases from Baker & Taylor resulted in a savings", is that right?

MR. STEWART: Yes.

MRS. WHITTAKER: Excuse me, this was a projection based on the 400 books or 200 books or whatever it was.

MR. STEWART: Yes, of course, this survey of theirs was done on 200 titles.

MR. JEANNERET: They are talking about

money, not service.

MR. STEWART: It so happens there is not service in that, but I won't take up too much time on this particular report. I will let you have this if you wish it.

THE CHAIRMAN: It is very important, we would like to have a copy.

MR. STEWART: It may be that the person who did this will be reporting to you directly. Obviously it is better to get it from them than second-hand from us. In making this particular statement though I wanted to bring this point in also to show how very difficult it is to have knowledge of what is happening in the Canadian book trade. We inquired, scrounged and scuffled and hunted and searched in all sorts of places before we could come up with an item like this which is, in fact, of paramount importance in the knowledge of the book trade.

MR. JEANNERET: I think the facts are well enough identified. We will just ask the Executive Secretary to clear it. I think it would be helpful if you would expand on the top of page 12,

> "We believe that close relationships between the provincial departments of education, the publishers, and the audio-visual and related manufacturers, are immediately necessary to protect the Canadian contents of Courses of Study against

the all-purpose multi-media kits now coming in from the United States."

I know what all those phrases refer to but I am not just sure how it all fits together.

MR. STEWART: Right, I am glad you asked. We all know that textbook publishing and now resource book publishing and also audio-visual aids... are, of course, related to Courses of Study in many provinces of this land. We know that this varies from province to province and what happens in Ontario most certainly doesn't happen in B.C. and so on. It happens that I have done a little personal talking to the Director of Technical Education in quite a number of these provinces and find a common concern of this kind.

What it amounts to is this: Because of the increasing advent of multi-media kits and other forms of combined use of material as distinct from the now ancient pattern of using prescribed textbooks, because of that, it is found that the schools and school boards belonging to the departments of education are having courses of study, what they actually teach in schools, quite severely affected by the purchase of such kits.

Now, it happens at this stage of the game most of the kits originate in the United States. That is not that important but what is important is this, that in terms of a school time-table with so many hours being spent on, let us say, social studies, once a teacher or a school principal

has spent their budget money that is available to buy a multi-media kit or allied group of information, once he has given his teachers instruction to teach from that, there is neither the time or the opportunity nor the budget to reach further, to find further informational sources than in this particular way.

That, therefore, has begun to affect the actual teaching in the schools. It has affected the courses studies and contents and sometimes can be considered as a considerable threat.

Now, the positive constructive proposal in respect of that is that just as in the past the directors of curriculum will contact the Canadian publishers to try and arrange for material to be made specifically for the province and for the course of studies, so there should now be a sort of triangular situation between the directors of curriculum, the publishers, the audio-visual material people, to make the same challenge as the elements met by the prescribed books. We all know the fallacy of following a prescribed book system but what I am suggesting is that by means of the committee ministers or by means of other standardization methods that it would be possible at an early stage, not at a later stage, for the various groups, the directors of curriculum, textbooks and the publisher and the audio-visual people in related triangles to try and produce material which is of value and assistance in Canadian

publishing. I think this is one way we could defend and protect the content and, at the same time probably protect the economics of the Canadian school boards.

THE CHAIRMAN: Mr. Camp.

MR. CAMP: Well, it is so tightly reasoned that it is self-explanatory. I don't have very much. I take it that your publication, which is unique in Canada ---

MR. STEWART: Yes. Yes and no. There is a third one which is called Pierrot and Pierette.

MR. CAMP: Just to comment on your circulation, I take it some of it is still complimentary?

MR. STEWART: Some of it is, not much. We are continually trying to go on a total-sales basis and we are continually succeeding but it is a hard and difficult economic role.

MR. CAMP: I am sure it is. We had a suggestion, for example, that follows on with your recommendation with regard to the consultation to the federal government that there be a Crown corporation established for much the same purpose as you suggest and then you have the evidence from someone like Mr. McClelland, who says he wouldn't feel he could take the judgment to the people on it.

MR. STEWART: Yes.

MR. CAMP: I am wondering, in such a development board, which I gather the purpose being to develop Canadian authors and Canadian titles, would this be an industry board, would it be a government board?

MR. STEWART: There is a very interesting case of wording which is much more than semantics, which I would like to state for probable clarifiction here. This concept was known before consultation as the Canadian Book Development Corporation. In the course of our considerations it changed to the Canadian Publishing Development Board. The distinction between "book" and "publishing" is that books and support of books is probably the work either of individual publishers or the Canada Council and is not the function of this board to be concerned with books or anything to do with authorship or anything to dc with the terrible, horrible things which we are talking about at all. It has to do, in fact, with finding ways to give support to publishing and it is also concerned -- this is where probably "board" is more effective than "corporation". It is concerned with more than giving hand-outs and giving money to someone who may not deserve it. It is a question of giving support, for instance, if this copyright situation required some sort of support, then through the vehicle of the Canadian Publishing Development Board, there

is a channel provided where we can see what could be done. Furthermore, to state otherwise, the consideration being given to setting up comprehensive warehousing and distributing systems, then the government would step in there by offering people advice, not money. This is the kind of thing this Board is trying to do. I would think Mr. McClelland understands what it is trying to do, they are so scared people are going to affect this individuality. They are perfectly entitled to do that, but as I see this Canadian Publishing Development Board, it is to relate to the publishing problem and had nothing to do with the book problem.

MR. CAMP: If I might, this is the only other question I have and I apologize for the generality, but I can't get anyone better to ask. It has been suggested that the state of the industry of book promotion and marketing is not an advanced one. The art form is not fully developed. I wonder if you have any advice or comment for us on that, as to where the problems are, either economic or endemic to Canadian publishing? That is the plaint of every author.

MR. STEWART: If I understand you correctly, this is a very big generalization and a whole lot of individual, particular problems. In book design we have in Canada some of the best book designers in the world. I can think of two.

One happens to work for Mr. Jeanneret and the other one is equally good. They are professional designers. I don't really believe, in terms of making a book, that we do it any more poorly in Canada than we do in the United States, and I believe -- as you can tell from my accent,-- I have some knowledge of the matter -- we do it better, I understand, in Great Britain. I don't think from the point of view of putting a book together that this cadre of professionals we are speaking of now is any less effective or any better than anyone else's. I don't know if that completely answers it.

MR. CAMP: I was going even beyond that to the point of marketing books in Canada, promoting books in Canada.

MR. STEWART: No, no, I think the marketing and advertising are pretty poor as far as international standards. I think it is partly money and partly geography. I think it is part history. When I say "history", it may well be somewhere way back a wrong turning was taken and too much emphasis was put, for quite good reasons at the time, on the agency approach, and too little on the indigenous publishing approach, which might have made things harder to do and get better discipline. I personally believe that such things, we could have done better. I don't think we do it very well. I think there are

good reasons why we don't do it very well, but I am concerned with trying to find ways of doing them better from now on.

THE CHAIRMAN: I have two questions, both of which are general. One relates specifically to your brief and the other relates to what we have been listening to today, which has caused me to think that a lot of people are making basic assumptions, which shouldn't happen.

The first is from your brief you speak in terms of the Canadian Publishing Development Board, or Corporation. You have talked in your recommendations in general terms about several problems and their possible solutions. Do you consider, no matter what the name of the agency is, that there should be in Canada some sort of agency, either government anointed or otherwise, which has an overview, coordinating overview of the book-publishing industry in the country? Now, that is about as general as you can get and I don't know what the end opinion of that would be, but some sort of agency which takes recommendations, contemplates them, might do some regulating. I don't know what you would call it, but something that has an overview.

MR. STEWART: With the normal caution that one always has in giving out a blank cheque, I would say yes, apart from that. I believe that in Canadian publishing there is a great immediate need for some form of ---

THE CHAIRMAN: I will keep you to the word "overview".

MR. STEWART: The term makes a definition that one doesn't want to make. I think this need is great. The caution comes in, of course, in respect of any particular proposal. Then one would have to see what the price was. Subject to that, I would be in favour of it.

THE CHAIRMAN: Fine. Now, I am going to have to preface this question from back here, so let me have a try at it. It seems to me that inherent in your brief and inherent in most of the briefs we have heard today, and very likely the briefs we will hear in the future, most of them, there is a concern that we should protect Canada, that we should protect our culture or that we should, to use your words, "protect the Canadian content of course of study". We should protect something in Canada from basically something in the United States. Now, we have been listening to all these representations on the basis that people have assumed that there is something that we should be protected from. Now, is it in your view a difference in our cultures, in our social goals, is it a difference in our educational systems, our posture in the world, our traditions, what is it that we should be protected from? Is there something that makes this country different

from the United States, if you will? That brings us to the point where we should be considering all this. What is it that says we must protect? What is your opinion in this regard?

MR. STEWART: Of course, I don't know. I know I am a Canadian who has been here for ten years and I have seen it from outside as well as inside. When I came to Canada for the first time I spent the first two or three years searching very constantly for a Canadian identity and I have been unable to find it, but I was instantly capable of recognizing it when I saw it. I don't think there is any question about Canadian identity, that which we need to have as our own. If I can be personal for a moment, I was brought up in a group of rather wild -- much wilder Scottish Nationals ---

THE CHAIRMAN: We have heard of that.

MR. STEWART: A certain amount of publishing was done and a certain amount of -- well, let us say some other things that people say I may have said in another context at another time. That does not make it right now in either respect. In terms of what value and what we must protect, I believe I came to Canada by choice and I believe they have something very important which is different. I think there is something which is very notably different, which is that we happen to be a North American nation

which has not lost its credibility in other parts of the world. I happen to believe that the Western effort is probably more solidly situated in North American, rightly or wrongly, now than anywhere else. We have been bowing from Europe and so on, and I happen to believe that we, in Canada, are in a position of considerable advantage, so, therefore, in the limited way to protect, I think there is no limitation on where we might go. I thought this protection against, perhaps outside influence of so-and-so as merely being a precautionary and preliminary step to what we must do -- some of this has been done already -- it is only fair to say Mr. Jeanneret's firm has done a great deal of publishing in Canada, but other companies in Canada, which is to use our central position to try and create a real contributary -- I am all mixed up in my prose now -- what I am trying to say I think is clear. We have something to give and we don't yet know what it is. We know what we are and, therefore, this so-called protection and the necessary development and the constructive efforts toward it are all optimistic and necessary steps for the future.

MR. JEANNERET: I must ask you a question based on something you just said, Mr. Stewart, in your days of Oliver & Lloyd Publishing and so on.

To what extent did you, during your experience see your compatriots invaded by the London publishers? I ask this because it is a question we are checking out.

MR. STEWART: This is very interesting, actually. In fact, it is slightly before my days but it was close enough to my days for me to have it fixed in my mind. When I first went to Oliver & Floyd which was 1938 there was an ancient man, aged 83, who had been editor and publisher of that company for very many years before. He and the directors of Oliver & Lloyd were astounded to find out that the closed publishing in Scotland which they thought was theirs had, in fact, disappeared. What had happened was that in the depression days the publishers in London, like the publishers in America now, had become short of markets and had gone after expanding markets and they found it very easy to go to Scotland. What they then did was that they contacted many of the best authors and the amount of Scottish publishing that went on did not feel this at all. In fact, the amount of Scotch publishing increased considerably but the ownership in Scotland decreased quite a lot. It didn't decrease I would say to the detriment of the strong and powerful companies who were book publishers.

They increased their strength but what they then did in perhaps not the typical Scottish manner, but this is perhaps relevant to what I have just been saying, they began to look overseas and I spent a lot of my time travelling around the world.

MR. JEANNERET: They became invaders?

MR. STEWART: I once sold four million books to a firm in Australia. In fact, I was selling a reading series and this was a total adoption of a reading series with all the paraphernalia and stuff that went along with it and it was right for them at that particular time. But this is what the Scottish publishers did.

MR. JEANNERET: I left Australia before you got there.

MR. STEWART: Furthermore, the Australians are a little further back than we are.

MR. CAMP: Just for clarification, do you believe this profession is of great importance to this country irrespective of the nationality of ownership of the employing publishing houses? Are you saying then that the nationality of the house is of less significance to Canada than the degree of professionalism?

MR. STEWART: That is exactly what I am saying, exactly.

MR. CAMP: Regardless of the nationality?

MR. STEWART: This does not mean that I say that the nationality is of no importance. I

am saying in that respect the most important thing has happened since I have been here is this point.

MR. CAMP: You are very encouraging because we heard from an author, booksellers, publishers and you have been more generous and kind in your observations as to the conditions in the Canadian publishing industry than anybody else we have heard today.

MR. STEWART: Someone will be cancelling their subscriptions to Quill & Quire tomorrow.

THE CHAIRMAN: Thank you very much for coming to see us, Mr. Stewart.

---Adjournment.

Government
Publications

ONTARIO

ROYAL COMMISSION ON BOOK PUBLISHING

Mr. Richard Rohmer, Q.C.	Chairman
Dr. Marsh Jeanerette	Commissioner
Mr. Dalton Camp	Commissioner

Mr. Robert Fleming	Executive Secretary

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252 Bloor Street West, Toronto,
Ontario, April 14th, 1971.

This transcript has not been edited, corrected or revised by the Commissioners but may subsequently be edited, corrected and revised.

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SUBMISSION BY

Mr. Donald G. Campbell, President, MacLean-Hunter Limited; Mr. Gordon J. Rumgay, President; Mr. George Harwood, Executive Vice-President & Managing Director; Mr. Martin Smee, Manager, Fine Books Division, Co-operative Book Centre of Canada Limited; Mr. Clair Ingram, Manager, M-H Distributing Company.	MacLean-Hunter Ltd. and Co-operative Book Centre of Canada Limited
Mr. George W. Gilmour, President and Mr. Edward Trefiak, General Manager.	MacLean-Hunter Learning Materials Company
Mr. Roy Britnell and Mr. Barry Britnell.	Albert Britnell Book Shop
Mr. Max Braithwaite and Mr. Richard Steacy.	Authors
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Mr. Peter Martin and Mrs. Peter Martin.	Peter Martin Associates
Mr. Peter Weinrich	Antiquarian Book-sellers Assoc.
Mr. Frank Hoare, Secretary-Treasurer, Carswell Co. Ltd.	Carswell Co. Ltd.

Toronto, Ontario,
April 14, 1971.

--- The hearing commenced at 10.00 a.m.

THE CHAIRMAN: Ladies and gentlemen, the first brief this morning is from Maclean=Hunter Limited and Co-operative Book Centre of Canada Limited.

The distinguished panel of gentlemen confronting us are, of course, representative of the Maclean-Hunter brief. Mr. Campbell,are you going to speak for your organization?

MR. CAMPBELL: If I could just introduce our people, Mr. Chairman, and have them in turn submit their briefs.

Mr. Chairman and members of the Committee, I am Donald Campbell, President of Maclean-Hunter Limited. On behalf of the company I would like to thank you for asking us to appear. While we are relatively new in the book publishing industry we do hope our background can be of some assistance to the Commission. Maclean-Hunter has been in existence now for over 80 years. It is a Canadian company, it is a public company. It has a staff of about 3,000 people plus hundreds of contributors. It is not one large company but rather 115 relatively small businesses. We are not a conglomorate. Every facet of business that we deal with is in the communications field. We have no daily newspapers but we do have and operate from

coast to coast on behalf of wholly-owned subsidiary companies in the United States and in the United Kingdom.

Today through our associated companies we are presenting two briefs, one by Maclean-Hunter Learning Materials Company which you will hear later and the other by the Co-operative Book Centre of Canada Limited. I am going to ask Mr. Gordon Rumgay, the President of the Co-operative Book Centre of Canada Limited if he will introduce his people and then proceed with the introduction of his brief which will be a highlight of what we have already submitted to the Commission.

MR. RUMGAY: Mr. Chairman and Commissioners, may I first introduce my group? On my far left is Mr. Martin Smee who is the Manager of Maclean-Hunter Fine Book Division, next is Mr. Ingram who is Manager of the Maclean-Hunter Distributing Company and also Manager of our Newsstand Distribution facilities. On my immediate left is Mr. George Harwood who is Executive Vice-President and Managing Director of the Co-operative Book Centre of Canada Limited.

We have presented our brief to you and it is certainly not our intention to repeat it. We are here to answer any questions which you wish to pose regarding the statements in the brief or any other aspect of the book publishing business in which we might be helpful. However, before entertaining questions I should like to make a short

statement and summarize the brief for the benefit of the audience who have not read it.

It is almost exactly ten years ago that a Royal Commission sat in Ottawa to inquire into and make recommendations concerning the position and prospects of Canadian magazines and periodicals. The mortality of magazines since that date has been fearsome. The list is well known to you -- Liberty, Mayfair, Le Samedi, Western Homes & Living and so on.

I refer to that Royal Commission because all the arguments developed at that time, as to why Canada needed a strong periodical press, are equally valid today in relation to why Canada needs a strong book publishing industry. The needs for a truly Canadian printing press, one with the feel of Canada, to reflect our ideals, our aspirations, our memories and milestones, our tasks and problems, both social and economic, is as vital today in relation to the book publishing business as it was and is in relation to periodical publishing.

If what I have just said sounds somewhat familiar to you, it is because it is a distillation of just one paragraph of the report of the Royal Commission on Publications.

This country cannot afford to be largely dependent on books published in foreign countries, or by companies controlled by foreign interests, no matter how well intentioned those

countries or interests might be. We therefore wish you well in your task.

Maclean-Hunter is as dedicated to the preservation of a strong book publishing industry in Canada as it has always been in the preservation of a strong periodical press in Canada and I believe our dedication to the latter has been amply demonstrated over many years.

To the end of preserving a strong book publishing industry in Canada, we have committed our thoughts, our energies and our resources to the building of a vigorous and viable Maclean-Hunter book publishing arm.

We here at this table are marketing men. We are not publishers or authors, we are promoters and salesmen. Hence the main thrust of our brief is towards the selling and handling of books. So, with your permission, I would just like to run through the highlights of the brief.

The brief simply recounts that we are relatively new to the book publishing business. We started in 1965 and from 1965 to 1969 we concentrated on selling books co-published with other publishers through direct mail offers and through the pages of our magazines. We have been quite successful in this venture as the sales recorded on Appendix A, will show.

In 1970, we began to take a more serious interest in book publishing and in that year, took a

minority interest in Godfrey, Macskimming and Bacque Limited who published under the trade name of New Press. I know that New Press will be presenting a brief to you so I will not steal any of their thunder. In the same year, we took over the Co-operative Book Centre of Canada Limited. This was the only large wholesaler of books operating in Canada which was not owned or controlled by foreign interests. Upon taking over the Co-op, it was immediately apparent to us that the bad service being provided by that company was due to the fact that the Co-op would not afford to stock books and hence had to order them as required from publishers in Canada who couldn't afford to stock books either. The net result was that the customers were by-passing publishers in Canada and ordering directly from wholesalers in the United States or wholesalers who might be obtaining their books from the United States sources, in order to get the service they required.

Since we couldn't afford to stock all the titles required to cover all the fields, elementary, secondary, university and public library. We therefore suggested to the Honourable Stanley Randall that we would welcome a large, low-interest loan so that we could do so. This, as pointed out in my letter to him, would have put a very substantial sum of money into the hands of the publishers.

Since that time we have completed

phase 1. We have stocked the books required for the elementary schools. We still have not stocked the books for the other three fields and we are still hopeful that the government could provide us with a very substantial low-interest loan for this purpose.

We then point out in our brief that some method must be found to open the United States market to Canadian publishers. This is a massive and largely untapped source of sales for Canadian books. To that end we have been invited to submit a plan to the Printing, Publishing and Allied Industry Division of the Department of Trade and Commerce in Ottawa to discuss the possibility of setting up a sales organization in the United States to handle the sales of Canadian books and educational material. Governmental financial help will be required to set up such an organization.

Each one of the persons at his table is an expert in this field and you may direct any questions in that field directly to him or, if you wish, you may direct the question to me and I will pass the question along to the person who, in my opinion, is best qualified to answer it.

THE CHAIRMAN: Thank you. I wonder, before we get into it too far I would like to go back to a statement made by Mr. Campbell in which you said, Mr. Campbell, that your organization was virtually exclusively in the communications field. Do you consider the book publishing sector

of your group of businesses--you don't want to call it a conglomorate -- your assembly of businesses, in that book publishing segment you are in the communications industry?

MR. CAMPBELL: No question.

THE CHAIRMAN: The publication section, therefore, in your opinion, of the communications industry, is that analogous to the radio and televison industry in this country? You are obviously quite experienced in that regard, I mean interested in those fields.

MR. CAMPBELL: Could you be a little more specific, Mr. Chairman, with that particular question?

THE CHAIRMAN: Do you consider that the radio and television industry and the communications end of things is significant in Canada as a cultural instrument, if you will?

MR. CAMPBELL: Yes, no question about that either.

THE CHAIRMAN: Can you in any way make a comparison between the radio and television industry and book publishing as a significant, if it is, instrument?

MR. CAMPBELL: Yes, very definitely.

THE CHAIRMAN: You think they are comparable?

MR. CAMPBELL: Yes.

THE CHAIRMAN: I wonder, Mr. Rumgay, if you could indicate to us what you think a minimal

interest rate is, or a small interest rate, that you would be happy to see associated with any loan or funds that the government might provide to you?

MR. RUMGAY: I would be most happy with zero. Getting up to 2 or 3 per cent, I would think. We certainly don't want to be faced with high interest rates. We would probably require at least $2 million.

THE CHAIRMAN: How would you finance the addition of the roughly 9,000 titles that you have brought in since November of last year?

MR. RUMGAY: Ourselves.

MR. CAMPBELL: I might add not only ourselves but through our facilities with the bank but even the banks have an end to them.

THE CHAIRMAN: Have they really? Have you discovered it?

MR. CAMPBELL: Yes.

THE CHAIRMAN: What about the supply of any of these books, any of the various publishing houses? Can all of them, or can any of them be taken on consignment?

MR. RUMGAY: Mr. Harwood could answer that question.

MR. HARWOOD: No purchases have been made, Mr. Chairman, on a consignment. All purchases have been made in cash. It is true that some material is protected but it is a cash purchase.

THE CHAIRMAN: A cash purchase. Have you examined consignment routes for this

1 particular product? Have you examined the
2 feasibility of taking any of these books on con-
3 signment?
4 MR. HARWOOD: In my past experience,
5 Mr. Chairman, it would not be feasible to approach
6 the Canadian publishing industry for a consignment
7 to us.
8 THE CHAIRMAN: You are saying it has
9 been a practice that they will not provide books
10 on consignment even to an organization which
11 performs the function that you are trying to perform,
12 is that right?
13 MR. HARWOOD: This is correct.
14 THE CHAIRMAN: So, you have not
15 approached them with regard to the functions of
16 the Co-operative Book Centre of Canada Limited?
17 MR. HARWOOD: Not in the last few
18 months, Mr. Chairman. I had approached them
19 previously.
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MR. RUMGAY: Would that not make the publishing situation as far as the publisher is concerned much worse? Right now these amounts of money ---

THE CHAIRMAN: I don't know. I just asked the question, but I assure you, the questions we ask do not indicate in any way any conclusions whatsoever. I am just a question-asker and some of the answers, perhaps, will bring out some astonishing questions before we are through. In any event, this consignment is not something which is unheard of in the practice of trade generally speaking. I see the function of this organization as an important one and if you are trying to do something a little different, then ---

Why did your firm, Mr. Campbell, decide, aside from the question of dollar profit, that is a natural attraction -- why did your firm, Maclean-Hunter, move into the book-publishing field in 1970?

MR. CAMPBELL: We think it is a rather natural for us, Mr. Chairman, and members of the Commission. We are in the publishing field. We have many weekly and monthly periodicals that we are producing. As I outlined, we have a great deal of creative talent, in the staff of the company, or making contributions to our various publications, and we see it as a rather natural extension. We also have

distribution and we have the means of publicizing our products. For example, the Chatelaine Gardening Book is a natural for a publisher of Chatelaine. We have all of these things to bring to the public.

THE CHAIRMAN: I take it when you did make a decision to go into book publishing in this way that you did on the fundamental understanding that you would be able to do it without government subsidy in the first instance?

MR. CAMPBELL: Quite right.

THE CHAIRMAN: So your suggestion you made to the then Honourable Stan Randall (he is still an honourable person) was a request that you felt would enable you to more rapidly achieve your objectives?

MR. CAMPBELL: Yes. This will let us grow quickly and, in turn, we thought put cash flows right down the line back to where they are needed, into the hands of the publishers.

THE CHAIRMAN: In the terms of the 50,000 titles you anticipate you might be able to achieve to get into your supply, how many titles of those do you anticipate, how many of those titles would be Canadian authored, if you will? Just a ball park figure.

MR. RUMGAY: Mr. Harwood can answer that.

MR. HARWOOD: Mr. Chairman, as far as Canadian authored, or Canadian content, I ---

THE CHAIRMAN: I am being specific, Canadian authored.

MR. HARWOOD: It would be relatively low. I would say about 5 or 6 per cent.

THE CHAIRMAN: And how many of those books do you estimate would be Canadian manufactured?

MR. HARWOOD: I would say, Mr. Chairman, about the same percentage.

THE CHAIRMAN: So that the cash flow you would be putting back would be essentially finding its way elsewhere, would that not be correct, other than through Canadian hands?

MR. HARWOOD: Mr. Chairman, it would be ultimately finding its way elsewhere.

THE CHAIRMAN: We are always looking at the ultimate.

MR. HARWOOD: I didn't like to specify the industry would receive the bulk of the orders. The intent was not to buy directly elsewhere ourselves.

MR. CAMP: On item 5 on page 2, I just want to follow up something the Chairman asked. As a matter of interest, with regard to Appendix A, would it be true that the majority of those books sold, as you indicate the sales, I think, on this Appendix A, would have been promoted through your various magazines, and also by direct mail with the lists you have? Is that a method of sale?

MR. RUMGAY: Mr. Smee is the expert in that field.

MR. SMEE: That is correct, Mr. Camp.

MR. CAMP: Well, then, could I ask,what did you do about the costs of sales; were they charged against the sale of the book to the credit of the various publications?

MR. SMEE: Initially, the costs, all costs, the cost of producing the book and editorial costs generally and sales costs, are applied against that particular project and eventually, when the project is closed off or at the end of the fiscal year, it is then distributed back to the magazine or magazines.

MR. CAMP: It seems natural, but within the consortium, or whatever word you like, there is a trade-off?

MR. SMEE: The book division as such doesn't declare ---

MR. CAMP: You are just trying to sell books?

MR. SMEE: Yes.

MR. CAMP: Which indicates you need the advantages you have.

MR. SMEE: Yes.

MR. CAMP: I am interested in the analogy between the O'Leary Commission and such a Commission as this one. It is true, though, that in the case of the O'Leary Commission,

I think after the O'Leary Commission one of the things that was done was, for example, Maclean-Hunter or Maclean's Magazine, Reader's Digest and Time, for example, I gathered worked very closely together in order to promote magazines regardless of the nationality of the head office.

MR. CAMPBELL: That is quite so.

MR. CAMP: Did you do this reluctantly or cheerfully or successfully?

MR. CAMPBELL: If you can't beat them, you might as well join them. We do need an industry.

MR. CAMP: If you followed the analogy through, this would be true of book publishing?

MR. CAMPBELL: With some reluctance, yes.

MR. CAMP: This would lead to number 7 on page 2, this question that does puzzle me, because, while I am satisfied and comfortable in the rhetoric, I am not really satisfied as to the merits of it. You say the owners want the company to remain in Canadian hands. That is the owners. You didn't say that, they said that. This is with regard to the Cooperative Book Centre?

MR. CAMPBELL: Yes.

MR. CAMP: The purpose of such an organization is to promote the sale of books of which 5 per cent would be Canadian, Canadian

authored or Canadian published. It really is the effectiveness of it, rather than the nationality of it. What is the virtue, do you think, in the owners' mind in wanting it to be Canadian?

MR. RUMGAY: The owners had seen much of their business, their agency business, books they represented in Canada for foreign owners and publishing houses, the publishers of those books were going directly from libraries to American-owned wholesalers who were buying directly from the United States in the hope that the Canadian-owned Coop, the Canadian company would tend to buy in Canada and from them.

MR. CAMP: So we have had testimony here. I don't know how conclusive it is as yet, that one of the difficulties is that -- there was an indication with regard to the agency business and with regard to the publishing business, that it is most efficient. Perhaps the best way of putting it is that it is not necessarily Canadian. I am interested, though, in this business of marketing books in the United States. I guess -- I think it is true the British have a marketing organization or agency in the United States. I believe the Italians do as well, in which they market books, not by publishing houses, although there are British-affiliated publishing houses who do this task in the United States, but there is an organization through

which all publishing houses can promote other books. I think what one has to do -- and I assume you have looked into this yourselves or you would not be in this forum -- examined the potential of such a practice. Are you thinking here -- let me ask you what sort of books do you think are written in Canada, prepared in Canada, that would have the better or best potential market in the United States?

MR. RUMGAY: Well ---

MR. CAMP: The kind of books you have here?

MR. RUMGAY: Our experience has been, yes. We have promoted books in the United states quite successfully. Fiction, of course, is a natural. In the northern American states, particularly they seem quite interested in facets of Canadian life. I don't want to steal any of the thunder from the press, but we successfully sold 7 or 8 titles out of 30 in the United States, books such as Northern Realities, which you would hardly expect to be of great interest to United States readers sold 3 million particularly well.

MR. CAMP: Are you satisfied there is a market potential?

MR. RUMGAY: Yes.

MR. CAMP: That could be met by having such an organization that would sell them in New York. What would the basic functions of this organization be?

MR. RUMGAY: They would be almost a warehousing operation. Certainly we would not set up a sales force at this point. It is all rather vague. Our thinking is that we should set up an operation to stock Canadian books and then set up some other large American book publisher as the selling agent. You might have to appoint two or three of them as selling agents. Two or three of them have evinced considerable interest in the project. One of the problems the American publishers have in handling Canadian books is that when a book is sent into the United States it is a complete sale. It is not on consignment. It is a very low order, 5 or 6 or 1000 or 2000. It would upset the whole thing. Our thinking was the warehouse would bring in the books from Canada and would handle books in the same fashion as a wholesaler handling books for competing agencies so those books could be returned if they are not sold.

MR. CAMP: As a communicator wouldn't you say -- you would leave that up to the publishing houses involved to promote the Canadian books and the sale of Canadian books?

MR. RUMGAY: The selling agency in the United States would be doing the promoting.

MR. CAMP: It would be the responsibility of the publisher and not this

organization?

MR. RUMGAY: Yes.

MR. CAMP: So this is the difference between what the British are doing, for instance?

MR. RUMGAY: It might well be.

DR. JEANNERET: Aren't there just such services available right now in the United States for mere fulfillment and distribution and warehousing without sales?

MR. RUMGAY: There are such facilities, but they are not inclined to order Canadian books.

DR. JEANNERET: They don't order them; they simply carry them for the Canadian publisher that might wish to use their services. They charge a percentage on the sales and a minimal rental for the use of space. I am thinking of Mercedes and others like that.

MR. RUMGAY: I am sure there are, but it is minimal.

DR. JEANNERET: I would like to get to the question of the functions of the Coop. You are talking about not publishing anything here and jobbing activities of some importance. Mr. Harwood, would you mind explaining a little more clearly what the principal changes in policies and functions are that your foresee for the Cooperative Book Centre under your newly acquired management?

Specifically I would like to know what you plan to do, if anything, in the direction of expanding the total volume of Canadian library purchasing or is its chief purpose to service library needs, that is, what sales promotional function does it intend to develop or is its chief purpose to channel as much of the library business as possible through it? Is it out to sell books or is it out to sell its services?

MR. HARWOOD: The purpose of a wholesaler is by nature rather limited in selling a particular commodity. We are very definitely out to sell a service and to expand the purchasing, or purchasing power, of libraries to channel as much as they can through Canadian hands.

DR. JEANNERET: Then, insofar as Canadian book publishing is concerned, is there anything that you propose to do that should substantially increase the volume of Canadian books sold to the customers that they would not sell to the customers in some other way?

MR. HARWOOD: In the spring of 1972 we are planning a review or a reference library on the premises at Co-op to make available to our customers the new material that has been published within the last year or so, I would say the last two-year period.

DR. JEANNERET: Canadian and imported?

MR. HARWOOD: Canadian and imported.

Our preference, of course, would be to Canadian material and to give this as much exposure as we can. Other areas will be good for promoting the sale of Canadian material but basically the function of a wholesaler to the library is to provide the books that they require as quickly and as efficiently as they can.

DR. JEANNERET: But your prime objective is to service rather than to promote sales?

MR. HARWOOD: There is no question about that.

DR. JEANNERET: On page 3, paragraph 12, speaks of the establishing of a single source of Canadian books for high schools and public libraries. How restrictively Canadian is your ambition in this regard? You say,

> "As soon as we can obtain the required financing, probably within three years, we will enlarge our facilities and stock the titles required to cover Canadian secondary school libraries and finally all books for public library use."

And you develop that.

MR. RUMGAY: We certainly don't intend to restrict the Co-op to Canadian books. Since we have all the books under one roof we can service Canadian books a great deal better than the present system.

DR. JEANNERET: You have already mentioned, using the system you mentioned fa few

minutes ago presumably 95 per cent of this -- I think that is high -- might be imported books?

MR. RUMGAY: Yes, it might be.

MR. CAMPBELL: Under today's circumstances we would hope that that would decline.

DR. JEANNERET: But not as a result of the efforts of the Co-op as such?

MR. CAMPBELL: We are looking forward I think, Dr. Jeanneret, to fulfilling the customer's wants. If he orders something our job is to deliver it to him .. as quickly and as efficiently as we possibly can. It is not to switch him into another product.

DR.JEANNERET: Is it the intention of the Co-op Book Centre in any case and under any circumstances to purchase or to buy around the so-called exclusive Canadian agent, or do you reserve that option?

MR. HARWOOD: Well, the answer to that is rather deep. May I go into that?

DR. JEANNERET: Please do, because I think it has to do with the agency business as a problem of general publishing.

MR. HARWOOD: Our prime intent is to buy Canadian wherever possible. There are problems that develop along this line. First of all, some material is not representated in Canada in which case we have no choice but to go across the border. There are extenuating circumstances developing with some of the so-called Canadian publishers or agents.

This is speaking in generalities. I am not pointing the finger at the entire industry as a whole but perhaps a small segment of it. Some publishers simply cannot afford to stock books in quantity to supply the needs of a wholesaler. What we run into is, if we want to buy even as little as five or ten copies of a title they simply don't have the stock available to supply the needs.

THE CHAIRMAN: When you say "publishers" are you talking about agents?

MR. HARWOOD: I am talking about agents, I am sorry. The agents in some cases do not have sufficient stock to supply the needs. In other cases the agents provide such poor service that one could wait for four, five or six months before they would receive this material.

DR. JEANNERET: You are proposing then that you are hoping to discourage the libraries from what they are doing at present, namely, buying direct?

MR. HARWOOD: Yes, where we can, where it is feasible for us to buy Canadian, we will buy Canadian but where we have no choice open to us we have to supply the product: otherwise we won't be in existence.

DR. JEANNERET: Many libraries say the same thing, where it is feasible to buy Canadian they do and if not they buy wherever they like.

MR. HARWOOD: I think that is their prerogative.

DR. JEANNERET: May I ask you if it is your plan to develop agency service yourselves for foreign publishers in Canada, or have you already begun to do so? Are you going to be commencing this?

MR. HARWOOD: At the present time I have studied briefly such an idea but in my few months with the Co-op my time has, of necessity, been taken up with the immediate re-organization of the company. I would say that in future it is a possibility but I certainly have not discussed this with the directors of the company.

DR. JEANNERET: I suppose my question should be directed past the Co-op to Maclean-Hunter as a whole, and that might be the next brief.

MR. CAMPBELL: I think I would like to add something, if I may, Mr. Jeanneret.

I don't see the Co-op getting into the agency business. It would be one or the other but it certainly can't be both. Therefore, that is the business as I see it that we will stay in and expand our service.

DR. JEANNERET: Do you see the function of the Co-op at any point to service the book trade, directly sell to the book trade in addition to the libraries? For example, if you were able to obtain sufficiently advantageous purchasing terms from publishers abroad, jobbers abroad, would you be interested in selling directly to the book trade in this country?

MR. RUMGAY: Yes, of course. There is

a large market in the United States and there is no reason why it can't be tapped.

DR. JEANNERET: Would you hope to do this for Canadian books as well?

MR. RUMGAY: Yes.

DR. JEANNERET: The only way you could do this would be to bring about an enlarged discount scale, is that not right, which would permit your entry?

MR. RUMGAY: Yes.

MR. CAMP: You have a minority interest in New Press, you also have a financial and business interest, do you not in Editorial, I think you said. Is it showing a profit?

MR. RUMGAY: We only started in 1970 and I don't think the publishing business is going to show a large profit as yet.

MR. CAMP: Some have been in for 50 years and have not shown a profit yet. There again do you use your own outlets and facilities to move the books published by New Press?

MR. RUMGAY: We give them no preferential treatment. Very often we use periodicals or magazines to promote books and other publications.

MR. CAMP: Charged against the operations?

MR. RUMGAY: Yes.

MR. CAMP: You would have to call your Chatelaine cook book your best seller, 200,000

copies. Were many of those sold in combination with magazine subscriptions?

MR. RUMGAY: Yes, probably close to half.

MR. CAMP: I notice it has also been published in French which gets into an area in my interest. How many copies did you sell in French, do you know?

MR. SMEF: Approximately 30,000.

MR. CAMP: One of the things about this, who or what did the translation?

MR. SMEF: It is not really a translation. I suppose the colour work was used, yes, but Helen Julien fr m the editorial staff of Chatelaine magazine really edited the book.

MR. CAMP: The French in there is hers?

MR. SMEF: Yes. I would say probably no more than 20 per cent of the original book but there are additions in French.

MR. CAMP: I am a little dense. You say the book is in English and French. What does it mean when you say "and French"?

MR. SMEF: We are talking about the French edition of the book.

MR. RUMGAY: It was published in both languages but the French edition was an adaptation, practically rewritten by the editorial staff in Montreal.

MR. CAMP: What I am getting at is,

there is a problem of translating works from English to French as to cost and I was just curious to know how you did this and what the cost was and if you found the economics of it taxing, but apparently you didn't because it was done in your own organization in the first place.

MR. SMEE: It was not an inexpensive operation, it was a very expensive operation.

MR. CAMP: Mr. Ingram, how many of these books on Appendix A did you succeed in getting on newsstands, not how many specifically but were any of them distributed in that manner?

MR. INGRAM: No, not on this list.

MR. CAMP: The Chairman says, any other list? There is a difficulty, of course, in persuading newsstands I gather to stock Canadian books of any kind?

MR. INGRAM: There is a difficulty sometimes because they are Canadian, sometimes because of the quantities but not specifically because they are Canadian books.

MR. CAMP: I would be interested to know in your experience in dealing with this organization as to where the difficulties might be in your opinion, because no one seems to be satisfied with Canadian books -- I assume Canadian publications are not having any particular difficulty?

MR. INGRAM: No, we are primarily concerned with the magazines and papers like the Financial Post which is a different area. We are

new in my division in the paperback distribution. There is a problem, not in getting intial distribution through our wholesalers but in getting display at the retail level, the allocation of display space which is made on the basis of previous sales of various titles.

DR. JFANNFRFT: Made by whom?

MR. INGRAM: By each individual wholesaler in each area. It is based on sales volume and generally Bantam are entitled to so many slots because of previous sales. This is in the interests of the retailer who wishes to show a profit in his business. There is a certain amount of what we call pre-board space in each large account and in some smaller accounts and this is where you go with a new publication whether it is Canadian or American.

Or from the U.K. or any source. It is a problem at that point to remain, to get display initially, and to remain displayed for possibly more than two or three weeks because of the high volume of titles being distributed every week, new titles.

DR. JEANNERET: What happens at the end of that time, just for the record?

MR. INGRAM: They are returned to the source of supply, the wholesaler.

DR. JEANNERET: Intact?

MR. INGRAM: Intact.

MR. CAMP: The organizations you have to deal with are primarily American?

MR. INGRAM: Some are American owned. Most are Canadian owned. There is a shift to American ownership at the moment.

THE CHAIRMAN: What are the major people that you must deal with if you are going to get on?

MR. CAMP: Say in Toronto?

MR. INGRAM: Metro Toronto News is the main source.

MR. CAMP: They are owned by?

MR. INGRAM: Partially a firm in St.Louis and partially by a family in Bridgeport, Connecticut.

DR. JEANNERET: And each of these establishes quotas for publishers' lines, in effect?

MR. INGRAM: Not necessarily.

DR. JEANNERET: On the basis of experience?

MR. INGRAM: They provide guidelines, especially on new titles they would say, "We can make 1000 or 900 and give you distribution on this quantity". On established titles, it is then based on past performance.

DR. JEANNERET: Broadly-speaking -- I am not thinking about exceptions -- do you feel that these guidelines are worked out fairly objectively and genuinely on the basis of sales experience?

MR. INGRAM: I would say so, yes.

THE CHAIRMAN: If you were going to go national with a book, a paperback issue, what other firms would you be obliged to deal with for distribution?

MR. INGRAM: About 43 -- there is what we call an independent wholesaler in each city. In Toronto it is Metro News and we deal with Mountain City News, Benjamin in Montreal, H.H. Marshall in Nova Scotia and P.E.I.

THE CHAIRMAN: Each city has a separate firm?

MR. INGRAM: Yes.

THE CHAIRMAN: Is there a national office?

MR. INGRAM: No. We, as Maclean-Hunter Distribution Company are the national

organization and, in turn, we deal locally through the independent suppliers or our local wholesaler.

THE CHAIRMAN: You make a different deal with each one of those on each title you want to distribute?

MR. INGRAM: We can inform them that a title and a certain quantity is enroute and we can rate them, and if they feel they can sell 1000 or 2000 ---

THE CHAIRMAN: Where does price enter into this consideration?

MR. INGRAM: There is a pre-determined or suggested price structure based on a fair margin of profit to all the handlers.

MR. CAMP: Talking about the publication field of magazines, newspaper and pockets -- paperbacks, in this area of news stand sales, I suppose there is such a thing as an optimum price?

MR. INGRAM: Would you clarify that?

MR. CAMP: I mean by that that you cannot afford to stock an item unless it has a general public acceptance, wide sales and I would say that they sell -- if this isn't too much of a generality -- there seems to be an awful lot of junk literature, both with regard to, I understand, some of the things that pass as publications -- I assume there must be a market for that, and this is also

true in the pocketbook sales. It is not really a quality outlet.

MR. INGRAM: In some cases, no.

MR. CAMP: Do you have any idea why wouldnt it be?

MR. INGRAM: Well ---

MR. CAMP: Is it their determination? I am trying to figure out who makes the judgment as to the quality of publication that is distributed through news stands?

MR. RUMGAY: May I answer that? I think it is the public.

MR. CAMP: They can only buy what is there.

MR. RUMGAY: It is there for them to buy.

DR. JEANNERET: I wonder if I might make a suggestion. Mr. Ingram has some pretty important facts in this area of paperback distribution and this gets into the mass market paperback distribution question in Canada. Would it be too much to ask, Mr. Ingram, if you would be good enough to supply us with a memorandum which won't be published, giving us facts on outlets, on discounts and commissions, returns policy, quotas, methods of selecting,the decision to buy, where it is made, and so on and the whole question the whole range of paperback distribution

in Canada in particular. If you would be kind enough to do that in the next two or three weeks, it would be a great help. Is it really knowledge that is available to you now?

MR. INGRAM: I would be glad to.

THE CHAIRMAN: You may want to expand, of course, on this.

MR. INGRAM: Fine, Mr. Chairman.

THE CHAIRMAN: Just one or two questions: You mentioned Northern Realities. I am asking this for a reason which I will disclose in a minute or two. How was it sold in the United States, any idea of numbers?

MR. RUMGAY: Yes, it seems to me the figure that was quoted to me was somewhere in the area of 2000 to 3000.

THE CHAIRMAN: That is sales. I have a somewhat substantial interest in that personally, and it so happens that I did a book review -- I don't know whether it is a generous one or not -- which was done for the Globe and Mail in Inuvik last summer, in July. Just to show you the cultural impact of the book, a book of that kind, in the last two chapters, or close to the last two, Professor Lotz argued extremely well for the creation of a university of the north. When we read the chapters I composed the book, how the university could be formed, and we had the first

meeting of the Board of Governors at the University in Inuvik last week. It is moving and the impact of that book, you see, is going to be very substantial over the years. It has done a lot for the people of the north. I am glad the impact also reached the United States.

I wanted to just close my questioning by referring to a statement which was made in the letter to the Honourable Stanley Randall on November the 3rd. I wanted to ask you whether this statement still holds true. It is in paragraph 2 and says the following:

> "The situation is so serious that almost without exception all Canadian book publishers would sell out if given the opportunity."

In that statement there is a reference to Canadian-owned book publishers. Is that the intent?

MR. RUMGAY: I think we are really talkingabout major publishers, not sort of cottage-industry type.

THE CHAIRMAN: You are talking about Canadian owned or Canadian publishers?

MR. RUMGAY: Yes.

THE CHAIRMAN: Does that statement hold true yet in your view that they would sell out if they had the opportunity? Of course, I am going to ask -- Mr. Camp suggested if so,

to whom?

MR. RUMGAY: That really is the problem. Many of them would like to sell out, but they would sell to Canadians. There are financial difficulties. I am sure you are aware of that here. If we could get some outside help in financing, even if we had to sell off a piece of the business to get it, and hold a controlling interest to get that money, in my estimation, yes, this is true.

THE CHAIRMAN: You still are of the view that the larger ones, almost without exception, would sell out if they were given the opportunity?

MR. RUMGAY: Yes.

THE CHAIRMAN: Do you think that there is any cure for this situation yourself, or should it be left to us to try to calculate what they might do?

MR. RUMGAY: That they would try to sell more books. The answer is to find ways to sell more books. If we could open the United States market, it would be very helpful in that regard. I think, too, the books are not getting a fair shake in book clubs. For example, figures in the United States show that 40 million trade books, hard-cover trade books, are sold through stores. 114 million are sold through book clubs. A 2-1/2 to 1 ratio. I am quite sure this is not happening in Canada.

THE CHAIRMAN: These book clubs do merchandise in Canada by mail, do they not?

MR. RUMGAY: Yes.

THE CHAIRMAN: This is a direct operation from the United States?

MR. RUMGAY: Some of them are based in Canada, they have a Canadian operation.

THE CHAIRMAN: Canadian subsidiary?

MR. RUMGAY: That is right. This is one area where the government might assist in setting up a Canadian book club as such.

THE CHAIRMAN: Do you think the government should do this?

MR. RUMGAY: It is going to take a lot of money. I don't say they should run ot. bit it is going to take a lot of money. It might even take a continuing source of money for two or three years.

DR. JEANNERET: Would this help or hinder the book seller?

MR. RUMGAY: I think it would help. The promotion that would go out to possible buyers would, in my opinion, lead many of those people to the books. You will find that in all of our promotions. Books that are -- they claim -- our mail order promotions are hurting them. The truth of the matter is they are helping them. You only get a 7 or 8 per cent return. 93 people out of each 100 probably have read about the thing but did not

buy it from us. I rather suspect, and I think the figures would show particularly one of those books in there was also a great seller in book stores.

THE CHAIRMAN: We are running a bit behind time at the moment. Obviously we are keenly interested in the answers. We must move on and I think we have got another team.

---Short recess

THE CHAIRMAN: Can we now proceed?

Mr. Campbell, you have a new team with you. For the record, would you introduce them?

MR. CAMPBELL: Mr. Chairman and members of the Commission, the other arm of Maclean-Hunter that is also new in the book-publishing field is a company called Maclean-Hunter Learning Materials Company. Here is George Gilmour, the President of this company, and I would ask him to introduce his associate and also to summarize the brief as quickly as possible.

MR. GILMOUR: Members of the Commission, we are grateful for this chance to be here. I would like to introduce Mr. Trefiak, who is the General Manager of Maclean-Hunter

Learning Materials Company and we are here really. as the representatives of the newest Canadian company serving the educational field, we come forward with a certain amount of optimism which is natural to expect in such a venture. However, we come after having been somewhat scarred in our attempts to enter this field through acquisition, we are, therefore, somewhat aware of the problems that you will be deliberating. We should be pleased if we could be of any assistance in the solution of these problems.

In the brief you have in front of you there is only one point on page 4, paragraph 15, which is not as clear as it might be and I would like to elaborate a little bit on that.

A specific example of the type of "low profit" of essential learning materials, can perhaps be found today in our fast-growing community college business. Some educators maintain that the community college will become the largest populated area of our school system, in the next ten or fifteen years.

However, the curriculum for these colleges is highly fragmented and to produce Canadian content learning materials for this fragmented market might well present such a high risk to the Canadian producer that it would entirely discourage Canadian material being produced. As it presently stands, a high percentage of the learning materials in the community colleges, in Ontario, are foreign produced. If it is important to this Commission and to the people of Ontario that the students who will populate this rapidly growing section of our school system, are exposed to Canadian content material, then something may have to be done to encourage manufacturers to produce the specialized materials required.

There are also some areas of the special education fields where government participation in the risk might be desirable. The question of perceptionally handicapped children comes to mind. Much of the material which these students and their teachers are exposed to, at present, is of foreign origin.

The highlights of our brief contain the following recommendations:

1. That federal and provincial governments recognize the trade, textbook and learning materials industries as "key" in the way they now recognize the periodicals, radio, television and cable TV industries.

2. That government recognize the peculiar

and heavy cost burden for language conversion that falls on Canadian trade, textbook and learning materials producers as a result of bilingualism in Canada and that Canadian companies be aided and encouraged to produce in both languages by government assuming a minimum of 75 per cent of the cost of language conversion.

3. That there are good reasons why government should encourage producers of Canadian trade books, textbooks and learning materials to export their products and that such "encouragement" might take the form of interest free, repayable loans to cover the cost of that portion of any product line sold in export.

4. That this Commission use its influence to have the so-called "manufacturing clause" in U.S. Customs' Regulations rescinded.

5. That specifically with reference to textbooks and learning materials and specifically in the province of Ontario that considerable assistance would be rendered publishers if the Ontario Department of Education would give approval to products for circular 14 or circular 15 before the manufacturer has committed himself to his entire production run.

I believe, gentlemen, that the balance of our recommendations are reasonably clear and would hold ourselves in readiness to respond to your questions. I would be happy to try to answer any questions.

THE CHAIRMAN: Thank you, Mr. Gilmour. I am interested in noting, as Mr. Camp has pointed out, that in Appendix A as an author or quasi author I am glad to see one of my titles there, The Great North, which had some difficulty in distribution, Mr. Trefiak. Your list is not complete in any event. Now that it is in the educational field I am also interested in that. I think the Acres study which was formed in 1967 is not listed here.

MR. TREFIAK: Not published by us.

THE CHAIRMAN: And the other was the Task Force Committee Report.

MR. TREFIAK: And also not handled by us.

THE CHAIRMAN: I think I will ask my colleagues if they have any questions.

DR. JEANNERET: I would like to ask the question that I asked your Co-operative Book Centre and I would now ask the Learning Materials Company whether or not there is any policy presently for representing foreign principals?

MR. GILMOUR: We are quite prepared to represent foreign producers of learning materials if those learning materials conform to the objectives that we try to set out for ourselves in this market-place and if it is not practical for us to produce those materials in Canada. We are not, however, interested in becoming a large holder of agencies. We have quite purposely stated that we are prepared to handle four or five major lines that might fill the

gaps in our own production. We are basically in the business to produce materials.

DR. JEANNERET: Thank you, Mr. Gilmour. On page 3 in paragraph 13 you make a statement that is of great interest to me and I would like to comment on it.

> "The publisher usually pays substantially more for translation than the author receives in royalties for books sold in the language into which the original has been translated."

I would generally agree. I think I have been in the forefront of those who have been making this point that publishers of certain kinds of books commonly have to pay more for translation services than they pay to the author for royalties. I think this is a Canadian phenomenon of supply and demand but I would take issue with your statement if you apply it to other than perhaps scholarly works or very particular kinds of general books, possibly includ ng fiction. I would not agree that the kind of book which has been a genuine commercial success or is proving to be a substantial commercial success in one language would cost more to translate than the author will earn, at least not more than he will earn in the original language. It is sadly true that many books that have been translated have done relatively poorly in the translated edition but surely this is frequently because the primary market was in the

language of first publication, their normal market and also because the translation was not offered simultaneously. It is rarely possible to do this, you can't say "This is going to be a best seller and therefore we won't publish it for six months, we will have it translated first". That is not the way publishing goes on. First it is published in French and then later in English and has a rather miserable sale in English and the people have read it already.

Would you agree with those observations that the hard core of the market in translation is very often satisfied by the original translation simply by the reason of the sequence publication and in the case of a commercially sound work, a successful work, that the author may be reasonably remunerated in the other language?

MR. GILMOUR: I would agree, Mr. Jeanneret. I think what you are talking about when you refer to sound commercial material -- in this case we are referring to learning materials and I think I mentioned in the social science areas. I hardly think that those are in that sound commercial area. If we are talking about the possibility of translating a first-rate best seller then I would agree with you completely.

DR. JEANNERET: That has been my experience with Mr. McLuhan one day and a Dictionary of Canadian Biography the next day. They are totally different situations and one cannot generalize.

In paragraph 19, page 5, you recommend:

"That the Ontario government provide interest free, repayable loans to cover cost of that portion of any product line sold in export."

Would you be good enough to interpret your phrase, "any product line"?

MR. GILMOUR: Yes, I think throughout my brief where I refer to trade books, textbooks and learning materials . . I do that intentionally because we are involved in trying to meet what the education field now tells us they require in terms of resource materials, other learning materials and the textbook.

This is not to say that we are not going to produce a textbook if that need is declared to us but in terms of using that phrase, "product line" it was done intentionally because I just wanted to make sure that we were not keeping it entirely to the textbook or the trade book.

DR. JEANNERET: But you do not necessarily mean it to cover all magazines or something like that?

MR. GILMOUR: No, but what it means however, is that if me or anybody else could produce a good educational film or script films or loops or something of this sort and a part of that product can be encouraged to be sold on the American market or the British market that the

government has an important stake in this.

DR. JEANNERET: Thanks, Mr. Gilmour. There is one other question that I feel is very important because I feel it is going to come up, it has come up in other briefs we have received and it is bound to be discussed again and it also goes close to the heart of one of the problems of publishers seeking access to circular 14 in particular.

Your recommendations 21 and 22 are that the Department of Education be encouraged to find ways of assessing books et cetera, when they are at the final stage of development but before any manufacturing is done and you go on in paragraph 22 to comment on much the same question, much the same problem:

> "At present, publishers must go through the entire manufacturing cost before knowing whether their books or materials will be approved for use in our schools."

Now, I don't expect a final answer on this but I think we should begin a discussion on this and I think it will be up again, I am certain, in the future. To what extent might such a change in policy on the part of the Department of Education lead to a situation in which authors might be exploited by the publishers who might pursue a work only if it were approved, say, for inclusion in circular 14, "You know, lend me your manuscripts and I will see what happens" and nothing happens and they are back. I am over-simplifying but to what

extent might that be the thrust to such a deparmtnet policy? In other words, might the introduction of the relaxation that you are advocating not tend to lower the level of publishing expertise that is introduced by the publisher, granted that it might also encourage him to offer any and every raw manuscript that he could persuade to be thrown together by an author.

In asking this question I am not in any way taking a position in the matter, I am merely discussing. I would like to ask for a publishing contribution in the design sense alone has become so important that adoption decisions could be possible without rather precise knowledge as to what the design and illustration, diagrams and general production level of the textbook is going to be? Won't it invite confusing the whole matter of selecting books by the entry of vast numbers of tyros in the publishing field? Would you modify your recommendation in any way, in view of these considerations?

MR. GILMOUR: I am going to ask Ed Trefiak if he would reply to part of that, but first of all I would like to say that this would call for some quite clear guidelines be[illegible] established between the Departments of Education so that they know the rules but it also visualizes in terms of our brief something much more complete being presented to the circular 14 or 15 people. I can visualize in our terms a mock-up, a dummy,

an illustration of the velocity that is going to be used, topography that is going to be used, the while package and perhaps the part that is misleading in here is where I say, "the final stages of development". Perhaps it should really be, when development is completed but just prior to going on to the press or whatever you are going on to, committing yourself to 50,000 press runs when you don't even know if you are going to get approval or not.

DR. JEANNERET: But the author has shot his bolt by now and has made his total speculation and taken his total risk. If you get a negative reply, what happens to him then?

MR. GILMOUR: Ed, do you want to -- I don't see why he should suffer.

MR.TREFIAK: In a case like that it would depend upon the arrangement between the publisher and the author, of course, and I would presume that an author would see that he is protected in circumstances like this.

DR. JEANNERET: Chiefly by being published.

MR. TREFIAK: In the case the publishing didn't go through, he would be protected in some way for the work he had done. It has been our experience that most of the manuscripts that we are working on, or that we have done, we have initiated. As such, we have really taken a risk. We have put our people on these things and retained people to do things. The author really has not come up against the risk in that situation.

DR. JEANNERET: He had written the book.

MR. TREFIAK: Yes, under our direction and supported by us.

MR. CAMP: Does he normally get a retainer for this?

MR. TREFIAK: Yes.

DR. JEANNERET: That is the great exception in educational publishing if that is so.

MR. GILMOUR: I think this is certainly one of our practices and we are probably going to continue it. It may be one of the newer things that we are able to bring to this because we have not been in this business that long.

DR. JEANNERET: Do you create that dilemma in here, though, from that standpoint?

MR. GILMOUR: Yes, but I completely agree with Mr. Trefiak's remarks, that in trying to assess what this market need is, we have to go out and find that need and find the best people available, then, to consummate that.

MR. CAMP: Do you do any of the work at all on a contract basis, or is it all on a speculative basis?

MR. GILMOUR: We have done some on a contract basis.

MR. TREFIAK: Do you mean a contract basis in the sense that the Board of Education might order something?

MR. GILMOUR: No.

MR. CAMP: That is entirely speculative and, therefore, competitive?

MR. TREFIAK: Right.

MR. CAMP: Who are your -- who

do you consider your most successful competitors?

MR. TREFIAK: The large American operations in Canada.

MR. CAMP: So that you feel disadvantaged by their price, or quantity of it, or what?

MR. TREFIAK: We don't really feel disadvantaged at all.

MR. CAMP: You must feel some disadvantage if you are not 75 per cent on the statistics.

MR. GILMOUR: Mr. Camp, one of the dilemmas that we have in having the pleasure of sitting in front of you is that we identify ourselves with the Canadian book producer, textbook producer, learning material producer. We have gone into this business because we think we can make a profit on it. There are some things in this brief that I think are our views which would be good things for the Canadian industry. Now, we might happen to benefit by them, and that is fair game, I hope, but that question translation is a question that I have talked to a number of people about and I know it is a concern by people who are in this business.

MR. CAMP: You are aware of the problem.

MR. GILMOUR: I am saying, in a sense, to re-emphasize that we back that position.

MR. CAMP: But the problem essentially is to provide educational tools in both languages. It would seem to me that it would not necessarily be by limiting the subsidy because, as I understand, for example, we are told in Ottawa, I believe, in translation it is the state of the technology and the absolute limitation of human resources, in that regard. Anyway ---

MR. GILMOUR: In terms of language conversion.

MR. CAMP: That is right. Therefore, I don't know to the degree to which you would solve the real problems simply by limiting the subsidy to what you say "Canadian owned and controlled companies". I am not making a judgment, I am simply saying that the major problem is this problem, for example, of converting an English-speaking book to French or an English film into French, an English-language film into French.

MR. GILMOUR: Right. Now, putting that question of the Canadian company as the benefactor in this sort of assistance is partly because, as I think I have intimated in the brief, we do subscribe to the idea that producers of learning materials which our young people are going to be exposed to in this country, are, in effect, supporting the cultural development of Canadians as any of these other forms of

communication, periodicals and so on down. So, in a sense, it is simple enough to say, "Yes, we would agree that this is a key industry", but what does this mean, what are the benefits to this key industry? One may be that they may not be allowed to be sold to a foreign owner. I don't know whether that is a benefit or not. It depends on which position you hold. That is the reason why that translation benefit was put in there as a possible suggestion to you as a way in which this key industry might mean something.

MR. CAMP: I was just searching for some qualifying aspect. For example, I would agree a Canadian-owned firm or Canadian company could be doing a better job in certain things because it was Canadian, as a matter of fact, that is, in the original product, but if you want an example of something to put into schools with regard to, say, space exploration, or something in regard to technology which we ourselves don't possess, if you want to translate that into French, I can't see why the firm would have to be disadvantaged in this situation.

MR. GILMOUR: That is a fair point. The reason for the 75 per cent and not 100 per cent is, I feel we should take some risk.

MR. CAMP: Just one more question

National Co. Ltd.
Toronto, Ontario

in regard to number 3, and this business of the efforts made by you to acquire Ryerson Press, which were unsuccessful, as you say. Would it be a fair question to ask, in your offer to Ryerson was there any contingency as to government assistance in the purchase?

MR. CAMPBELL: None whatsoever.

MR. GILMOUR: No.

MR. CAMP: They sold to the highest bidder, I take it?

MR. CAMPBELL: I think so.

MR. GILMOUR: I think that is right.

THE CHAIRMAN: Mr. Campbell, we want to thank you and your colleagues for coming. We, of course, are enormously interested in your Canadian firm's participation in the book-publishing industry and we are grateful to you for the information and expertise that you have brought and given to us. Undoubtedly, when this memorandum comes forward, we may hear from some of your people again. We are much obliged to you for your participation.

MR. CAMPBELL: Thank you, Mr. Chairman.

THE CHAIRMAN: I wonder, Mr. Britnell Sr., if you might tell us the contents and high points of your brief and we can perhaps get a few questions?

MR. R. BRITNELL: Mr. Chairman, thank you for asking us to submit a brief. We haven't very much to say. You don't wish me to read the brief?

THE CHAIRMAN: Will you touch on the high points, or the matters you would like to talk to us about?

DR. JEANNERET: Mr. Britnell, would be deeply disappointed if I didn't introduce him as Canada's second-best book seller, and this I do.

MR. R. BRITNELL: I hope Dr. Jeanneret doesn't suffer from the same hallucinations as he does being the first - Canada's first book seller. I hope he doesn't suffer from those hallucinations on your Committee.

THE CHAIRMAN: It is awfully good -- it is sometimes difficult to tell what hallucinations are occupying Dr. Jeanneret's mind from time to time. (Laughter)

MR. R. BRITNELL: First of all, we are not in the textbook business, as you know. Ours is merely trade, a trade business and ---

THE CHAIRMAN: Mr. Camp has indicated we are not exclusively in the textbook interest either. We have a broad scope that we are obliged to look at and there is no exclusivity whatsoever to the textbook industry, as far as we are concerned.

MR. R. BRITNELL: There are

two or three high points inthe little brief that I have submitted. I don't know if they are really worth mentioning. I was very timid about coming to this august presence, and one little group of sentences I didn't put into the brief. If you like, I will skip the brief, you have it all, and read this little group of sentences, which might mean something.

In the last two decades there has been a constant growth in the whole book industry in Canada. This has been almost of an explosive nature. Heavy buying by new universities and libraries which is directed to the publishers meant publishers' business increased to a greater extent than book sellers.

Notwithstanding this good business, one publisher became a bankrupt, another sold his business,another was sold to an American publisher. It would appear that one, two or more publishers might be in financial difficulties and two have had to resort to mammoth, direct to the public stock unloading, cash realizing sales.

I do not believe the Canadian book-publishing business on the whole is or need be in the disastrous state as all these happenings would indicate. Has the increased business that has been experienced trapped us into believing the Canadian book trade is really big business, much greater than could be

sustained by our population.

Perhaps the study of the Royal Commission on Book Publishing should start with financial and economic operations in the Canadian book-publishing business in the fifties and sixties. I firmly believe a study of this nature is absolutely necessary.

DR. JEANNERET: I would like the opportunity to check with the Britnells -- it is an excellent one for the Commission -- to get some first-class, hard information on retailing, indeed, and my questions are really to bring up matters that I am sure we have often discussed in the past, Mr. Britnell. On page 2 you state that Britnell's Book Store is not involved in the sale of school or university textbooks. I know this is so and I am very sympathetic with the reasons why it is so, but I believe it would be helpful to the Commission if you would explain why you don't normally sell, stock and sell textbooks or university textbooks as such? That is just for the record, if you will.

MR. R. BRITNELL: At one time, going back 40 or 50 years, there was a very good store on Yonge Street that sold university textbooks. Some of you will remember it. Nanavar was the name. That was before the University Press came into existence and at that time they leased or had an operation under

very favourable circumstances. There was --- just everybody went out of textbooks and we couldn't compete with the University of Toronto book store.

DR. JEANNERET: I was hoping you would mention the discount comparison

MR. R. BRITNELL: Well, on the bookshelf today it would be very difficult to occupy a good location in Toronto on a minor discount such as one receives on textbooks and rents today are reaching astronomical proportions. As you know, Toronto is a very expensive city in which to do business as far as location is concerned. You used to be able to get a shop on Bloor Street for $6 or $8 a foot. Now the new rents on Bloor Street are up as high as $20 a square foot.

DR. JEANNERET: I believe and know that the 20 per cent discount would not make possible a viable book selling operation at all. On page 3 you say that in recent years your promotions have overwhelmingly been for Canadian books and, again, I know this to be true. Could you give some approximate sales statistics, just estimates, comparing sales of Canadian books with the sales of agency and imported books through your store, say as percentage of dollar value or something like that? Where would you put the Canadian percentage, roughly speaking?

MR. R. BRITNELL: Well, it is pretty hard to arrive at that but to illustrate how outstanding Canadian books sell in book stores today perhaps the Group of Seven book, we bought 750 copies and guaranteed we would not return a copy. Perhaps a Pierre Berton book was in the same

area, the book you did, Toronto Photographs, but no books that I can recall came anywhere close to those figures.

DR. JFANNFRFT: Do you think Canadian sales would be 15, 20, 25 per cent of the gross?

MR. R. BRITNFLL: My son might know better. He is on the buying and ordering and if he would guesstimate 10 or 15 per cent it would be close to that amount.

MR. B. BRITNFLL: I would think that 15 per cent would probably be top. We did a very loose test in the store for a publisher, as a matter of fact, and it came out in that area of 13 to 15 per cent. It varied slightly but again it is rough and has to be a guess but I really do think that 15 would have to be the top in book stores.

DR. JJFANNERFT: I think it is a helpful figure for us to have from you people because it bears on the dimensions of the beast we are looking at. I know no one figure is the answer.

MR. B. BRITNFLL: At Christmas time when all the Canadian books are published the figures may be considerably higher then but I am sure that of our top 20 books at Christmas time I would think that 12 or 13 are probably Canadian but after you get past the first 25 or 30 obviously it is just straight volume and the United States and England takes over.

DR. JEANNERET: That is a very important point you are making because we were on it yesterday and that is when we look at the statistics of imported books, we are looking at totals of sales of a vast number of titles and then comparing them with the total of sales of a very, very small number of titles that are Canadian and this is invalid in many respects as far as the reasons that are given are concerned. Would you agree? . .

MR. B. BRITNELL: I agree.

DR. JEANNERET: Towards the bottom of page 3 you seem to favour specifically -- and I am not sure what you mean -- are you advocating titles and, if so, what point in their production, about four lines from the bottom,

> "Departments of Provincial Governments should be willing to assist Canadian authors and publishers to develop textbooks, specifically, not generally."

MR. R. BRITNELL: As I say, the government has not found sure and safe ways of spending the taxpayers' money by helping any business that I know of.

I don't think they would use the taxpayers' money to just give to a publisher without a pretty full investigation, hundreds of thousands and millions of dollars. I don't think that that would be so. I don't think so.

DR. JEANNERET: You are saying if

there is subsidization it should be for a particular work or something?

MR. R. BRITNELL: A particular work or a particular series. I feel that way. Trade books, if it is an over-all grant, subsidy or loan it should not be for trade books and for textbooks but for one or the other.

DR. JEANNERET: Immediately following that point you phrase the same question as was phrased in the previous brief and we will hear again, namely, that decisions should be made on the basis of a complete and not a completed book in the schools and again I ask -- and we do not need to develop it at length -- whether or not this might lead to an actual lowering of actual publishing standards as well as possibly some exploitation of authors if the decision were made in advance of publication. It seems to me it takes a good deal of the incentive away from the publisher.

MR. R. BRITNELL: A few years ago at the public school or high school levels there were certain Departments of Education that wanted new books and one-third of two or three publishers going in there and spending $100,000 or $150,000 on a series of books to meet this demand and only one of the three contestants had possible success.

DR. JEANNERET: I have been through that sort of thing. I am not taking a position on it, I want to hear your views on it.

MR. R. BRITNELL: I think the Departments of Education should be able to make a decision without three or four publishers spending maybe -- it might be a quarter of a million dollars -- for a few textbooks. They should be able to make a decision from mock-ups.

DR. JEANNERET: I have one final question, Mr. Britnell and I think you are an ideal person to answer it. Would you favour legalization in Canada of an industry-wide agreement similar to the British Netbook Agreement, if it were possible?

MR. R. BRITNELL: I think it would be a wonderful thing.

DR. JEANNERET: Would you mind saying why?

MR. R. BRITNELL: Well, it brings a more orderly system to the book seller.

THE CHAIRMAN: Would you first explain what you think that formula is that you are going to talk about?

MR. R. BRITNELL: The net bookagreement in England means there is no cutting of price. There is not a sufficient -- if you want book shops and you want book shops that are going to service the public you are not going to have them if books are used as loss leaders or books are cut in price.

DR. JEANNERET: And it would usually be a good Canadian book that is used as a loss

leader, is that not so?

MR. R. BRITNELL: That is so. Most shops it is the top books that pay their rent.

MR. B. BRITNELL: If I could just add a little bit to that. If I could go back for a moment to your mock-up business again. We are out of our field here but just more from the common sense point of view I would hope I would have enough confidence in the publishers that they would still be in competition with each other and would still want to have their books adopted and I would hope that it would not water down the final product. As far as the author is concerned if that sort of thing came into being it may necessitate a sort of -- as we heard from Maclean-Hunter -- put on a sustained guarantee for a certain amount of money even if the book is not acceptable.

DR. JEANNERET: Well, I am not prejudging the question at all but you are, in a sense, advocating such a situation where the publisher has his book listed and perhaps in a critical area and he knows he has to have so many pages of colour and so many illustrations and so on, but there is simply a tremendous area there for lack of incentive to have the best thing that can possibly be produced on this continent from that point on as far as he is concerned. This worries me plus the fact that if he doesn't get the authorization and prescription where is the

author?

THE CHAIRMAN: This is obviously a matter of concern.

MR. B. BRITNELL: Just to go back to the Net Book Agreement for a moment, I don't have the complete details, but I do understand that the province of Quebec is about to enact a bill that will give them such a Net Book Agreement along with several other interesting considerations. The Net Book Agreement, this is one of the things that is involved in their agreement which will be that all books that are brought in from France will be sold in Canada at the same conversion price.

DR. JEANNERET: Yes, it raises some problems.

MR. B. BRITNELL: Yes, it does.

DR. JEANNERET: Under the Combines Investigation Act.

MR. B. BRITNELL: I am going along with this, all the purchasing by any library or school in the province of Quebec where it is financed by the province of Quebec, must be channelled through a Quebec book shop.

DR. JEANNERET: That is a separate and a side aspect and a very important one of the Net Book Agreement that Mr. Britnell Sr. might have mentioned that we should have on the record and that is, that libraries buy from book sellers. Again, I am not pre-judging that.

MR. CAMP: A publisher gave me the

opinion that when a book was taken up by the Book of the Month Club that it helped the sales of the book at the retail level. What would be your opinion as a book seller?

MR. B. BRITNELL: That is an age-old question. I don't think anybody really knows the answer. The Book Club thinks that it does and I think in most case the book seller thinks that it doesn't. It is one of those old problems that is extremely difficult to answer. I am sitting here as a book seller this morning and hearing the suggestion of the government sponsoring a Canadian book club upset me a great deal.

MR. CAMP: That is a form of loss leader.

MR. BRITNELL: Right, in most cases it is.

THE CHAIRMAN: May I just interject here? The pattern is beginning to emerge even in these early days of our hearings and people are recommending this to us that the government get into everything so we are not going to be astonished by the time we are finished that we will have recommendations from some quarter or another that the government does do everything.

MR. R. BRITNELL: Is it too late for the book sellers to get on the wagon, Mr. Chairman? We haven't asked for anything but we can do it.

MR. CAMP: Sometimes we have another opinion. You say:

"Any suggestions of limiting the sale of other than Canadian books by penalties such as allotments, percentages, duties, taxes, etc. are unworthy and must be strongly resisted. Books, no matter what their origin must be available to Canadians at the lowest possible prices."

Your basic reference, I take it is, of course, to the trade book field?

MR. R. BRITNELL: Trade books.

MR. CAMP: Would you apply that also to textbooks?

MR. R. BRITNELL: Yes.

MR. CAMP: We had a good deal of emphatic testimony yesterday that there was a difficulty or some inefficiency in the matter of book sellers reordering or getting delivery in a reasonable time. I think the distinction was made that American publishers or distributors were more efficient than their Canadian counterparts.

MR. R. BRITNELL: You are talking about the people in Toronto, not the people overseas? It is interesting as well to look at the picture overseas. The Americans are

far more keen to look after the Canadian market than the British publishers are on the whole. I have seen 5 or 7 -- 5 or 6 or 7 delegations of British publishers come up to see how they can look after the Canadian market and they go back and forget they have ever been in Canada. This is with the exception of a few British publishers, it would almost appear as though the British publishers have written Canada off. Britain cannot compete with the American publishers as far as the service from American-owned companies in Canada and Canadian-owned companies, you can get very good and very bad. I think my son looks after all the reordering and should speak to that point.

MR. B. BRITNELL: If I could just get the question. Are we comparing Canadian-owned companies in Canada as opposed to American-owned companies in Canada, or comparing Canadian agents to American publishers in the U.S.?

MR. CAMP: We are talking of a situation, for example, raised by a book seller in Toronto in which he said, I think it was -- I don't know whether it was 3 or 6 weeks for a shipment.

THE CHAIRMAN: I don't know that he really made the distinction between U.S.-controlled or Canadian-controlled.

MR. CAMP: We will have to read the record.

MR. B. BRITNELL: I don't think the distinction is worth making at any rate. There are some agents in Toronto who give us wonderful, wonderful service and there are some agents whose service is absolutely unbelievably bad, but I don't think the fact they are Canadian or American really seems to have that much to do with it. The distribution of books is a problem throughout the English-speaking world. It is not just in Canada. We have greater problems here for various reasons, one of which is the fact that most of our books -- the most important books in fact, have to be imported.

MR. CAMP: Just one final question: What percentage of your sales are Christmas-season sales?

MR. R. BRITNELL: We used to think we did about 40 per cent. The Christmas sales at Christmas, we usually did about 40 per cent of our year's business in the last perhaps 8 weeks of the year, but fortunately in the book business, retail book business, it is more of a 12-month business now and perhaps 40 per cent of our business could be done in the last 12 or 13 or 14 weeks just before Christmas.

MR. CAMP: I think you said most of your Canadian titles come on the market before Christmas?

MR. R. BRITNELL: Yes.

MR. CAMP: Which is the reason for that?

MR. R. BRITNELL: We think it is a mistake to hold all new Canadian publications for the fall, and some publishers hold them so late that they don't get to the book sellers until the month of December when the book hasn't a chance.

DR. JEANNERET: January is still not a very good month?

MR. R. BRITNELL: January is not a very good month and if people have money they soon get their bills paid and they have money. Canadian publishers should be spreading their publication dates out so that they don't all come in in October or November of December. Some books are published in March and have a wonderful Christmas sale the following Christmas, and the continuing Christmas sale for the second Christmas. Some books have a season and then it is over.

THE CHAIRMAN: Thank you very much, gentlemen. Thank you for coming and you have been very helpful to us indeed.

MR. R. BRITNELL: Thank you.

MR. B. BRITNELL: Thank you.

THE CHAIRMAN: We will break for about five minutes.

---Short recess

SUBMISSION OF MR. BRAITHWAITE

THE CHAIRMAN: Ladies and gentlemen, if we could now proceed. We have with us, Mr. Max Braithwaite. He has a few things he wishes to say to us this morning. Mr. Braithwaite?

MR. BRAITHWAITE: Thank you. I feel rather lonely up here.

THE CHAIRMAN: We are with you.

MR. BRAITHWAITE: This is the usual position of a writer in this business. I want to thank you, first of all, for inviting me as an old-time professional writer, to express my views on this subject. The writer is the primary producer in this whole process and, like other primary producers, the farmer and the fishermen, and the lumberman, I feel at least to some extent important to the process. For this reason I appreciate you asking me to come, to say a few things that I have learned over 25 years in full-time writing in all media about this business we are in.

THE CHAIRMAN: You must have started as a boy.

MR. BRAITHWAITE: As a mere kid. I don't think that you want me to read the brief, such as it is, that I presented. The most important thing, I think, in the brief is the fact that I don't think that writers get the

encouragement that they should, working writers, young people thinking of becoming writers, that they do in other countries.

THE CHAIRMAN: Could you give an example of what they do in other countries, what you have in mind?

MR. BRAITHWAITE: Gladly. I think the system of awards for achievement here falls short of what they have in other countries. The Canada Council is very generous in giving money to people who say they can write a book, and I agree with this. This is fine if they have the money to give and want to encourage people to write books, but I feel there should be more awards for people who have written books and who have written good books, because there are many good books written in Canada that have arelatively small sale. That is due to a number of things. I don't think one can always assess the value of a book by its sale and there are some very important books that just do not get written at all because the writer just simply cannot afford to do it. Writing books, quite frankly, is a luxury that most of us cannot afford.

DR. JEANNERET: Isn't that an argument in favour of the incentive grants rather than award grants?

MR. BRAITHWAITE: I think not, sir. While I have never met anybody who

writers -- somebody is going to say "Are you being very commercial about this?" and I am, because everything is commercial. A writer has to be able to make a living and if he can't make a living writing books, then he will make a living writing screen plays or radio scripts or television plays or public relations. There are an awful lot of good writers who are in public relations.

DR. JEANNERET: Do you advocate any degree or means test at all, conditional on the consideration?

MR. BRAITHWAITE: Only one and that is the book itself. I think there is only one way to test a writer and that is by the book he has written, not by the book he says he is going to write or a few of his friends say he can write.

DR. JEANNERET: Not by his need?

MR. BRAITHWAITE: No, no, not by his need at all, in no way by his need. Simply by the worth of that book. I believe that writers should work hard and they should earn their way, but if we want to have a thriving publishing business and if we want to have Canadian literature, then we have got to do more to encourage them to write books. It is as simple as that.

MR. CAMP: You have had a number of publishers, more than one?

MR. BRAITHWAITE: I have had four or five publishers.

MR. CAMP: As a writer working with publishers, do you have any general comments to make as to their capacities and capabilities?

MR. BRAITHWAITE: No, I ---

THE CHAIRMAN: Is it the framework of the law of survival and slander?

MR. BRAITHWAITE: Generally I am satisfied with the publishers I have worked with. I am never satisfied with the number of books of mine that get sold. I think there are a lot of things wrong with that, but I don't think I am here to discuss that. By and large writers are supposed to get out and sell their own books by appearing on television and so on, and some of us are much better salesmen than others.

MR. CAMP: How many copies of a book called "Why Shoot the Teacher?" did you sell?

MR. BRAITHWAITE: I am glad you mentioned it. I don't know. Incidentally, while we are on the subject, they are making a movie of it. Well, I would say it has been selling for quite a while and it has been very satisfying as a book to me and I don't think it sold more than 10,000 copies.

MR. CAMP: By Canadian standards that is a best seller?

MR. BRAITHWAITE: I suppose it is. It would have sold a great many more except the publisher ran out of books when it was at the top of the best seller list.

MR. CAMP: That is like a hit over the head with a sledgehammer, just at Christmas time with people around looking for books to give to Aunt Mary or someone and they ran out.

Now, a book like that if I might just say, was done completely on speculation. I did not know that I was going to get a five-cent piece out of it until I sent it to my agent and he said, "Well, this looks pretty good, maybe we can sell it". Fortunately the publisher was interested in it too but until that moment I didn't know whether I had worked three months for nothing.

DR. JEANNERET: Where is your agent?

MR. BRAITHWAITE: My agent is in New York. I find it very useful to have an agent in New York because they sell books to American publishers and to English publishers.

MR. CAMP: Is your New York agent, Mr. Braithewaite, is he the one who negotiated the sale to McClelland & Stewart?

MR. BRAITHWAITE: Yes, that is right, but I think you know, Mr. Camp, when you have been working with a publisher for some time that it is not

a question of them sending the book and so on, you yourself work with the publishers a lot. That is the local publishers.

MR. CAMP: Has it been helpful to you, the one in New York, with regard to American sales?

MR. BRAITHWAITE: Very helpful.

DR. JEANNERETE: I don't think you mentioned it in your brief, but have you any views on the morality, need or justification for the public lending right, I think, which is the closest we have in English to Droit Publique Payant the requirement that a library, for example, pay royalties based on the circulation of a novelist's book?

MR. BRAITHWAITE: Well, of course, sir, I am very much in favour of that.

DR. JEANNERET: Have you a bias?

MR. BRAITHWAITE: I have a bias but it is a most annoying thing to meet librarians as you frequently do and they say, "Oh, your book is just going out all the time, we just can't keep it in, people are borrowing it". You think that is great but they are not buying it, they are borrowing it and this is the thing I find with the Canadian public in general, they will borrow books or steal books or do anything but buy books. There are some people who never think of buying a book.

I know a very wealthy man in

Orangeville who said, "I am reading your book and I have only got to chapter 3". I said, "Why have you only got to chapter 3?" and he said, "Well, I am reading it at Eaton's when I go into the city". Now, this is an absolutely true story.

DR. JEANNERET: You would think that would apply to publishers as well as authors?

MR. BRAITHWAITE: I said, "Why don't you buy the book?", and I might just as well have asked him why he didn't buy a jet airplane. Here is a man who would spend $30 or $40 a night in Toronto without even thinking of it but he has no books at all in his home. I don't know what that proves. It certainly proved something to me but I think to get back to your question, sir, that certainly there should be some way figured out for writers to be paid for the lending of their books.

Another problem, as I mentioned in here, is the Xerox problem, the taping problem. I am sure these have been brought up before. I did a great deal of writing for the school broadcast department of the CBC and I used to get considerable repeat business, there were re-broadcasts of the shows and then this just dried up completely, there was no more. I discovered, a teacher told me, "We liked your show so much that we taped it". Now, they have got the tape and they can play it as many times as they want and I get nothing for that at all except the honour. This is

a real problem and they are now doing it, as you know, with video tape.

DR. JEANNERET: For the record I think that we should note that this is actionable but in practice it is something you can't do much about.

MR. BRAITHWAITE: That is right, the union ACTRA of which I am a member attempted to do something about this and I don't think we got anywhere at all. We wrote nice letters suggesting that they should pay it.

DR. JEANNERET: You don't sue your best customers?

MR. BRAITHWAITE: No.

THE CHAIRMAN: Thank you very much for coming, Mr. Braithwaite.

MR. BRAITHWAITE: Thank you.

MR. CAMP: The Chairman asked that we proceed while he is attending to an urgent matter of business.

Mr. Steacy, in your brief you make a recommendation that all authors' royalty payments should be placed in a trust account and payment made only from the trust account which is a recommendation, I gather, based on a painful experience?

MR. STEACY: Yes, what happened originally, my book was published in December, 1968, by a small publishing house. Now, this publishing house deserves a great deal of credit for publishing

my book because at the time I was completely unknown, I was simply a real estate salesman, so why would he take on my book and publish it, but he did anyhow and I signed a contract.

Now, as time went on the publishing house found itself in financial difficulty and he could not pay me my royalties, according to the contract. This created a problem with me as an author because I had reached the stage where the book required revision and I simply, as a matter of business, couldn't see how I could continue with this publishing house under present conditions so I had to make other arrangements to publish the book.

My last thought on that publishing house is that he was very courageous in taking on an unknown author of this book.

What I am going to do now, if I may, is prove to this Commission why a book such as this is completely necessary in Canada. There are other books on other subjects that follow suit. The first thing I am going to do is quote from four letters from four different types of people. The first one is from someone starting in real estate. He says:

> "I would like to tell you how grateful I was to find a book on real estate on the shelves in the library that was written by a Canadian for Canadians."

The second is from someone studying real estate for

their own private interest:

"I have just finished reading your revised edition of Canadian Real Estate and I found it to be the only reference of any practical use. I am attending night school on real estate and have acquired some knowledge on this subject. However, I think they would be well advised to use your book as a text and nothing more would be needed."

These are very flattering letters, of course.

The next one is from an immigrant:

"Seeing every day the rising prices of houses and properties I decided to make a close look at real investment property and before I started something I read a few books on this subject. In a book store I found your book as the first one that really opened my eyes. It is so good wridden that for me, as a former DP without any schooling in Canada was able to understand. Thank you very much."

I got a great delight out of reading that letter.

The final one is from a sophisticated real estate agent in Vancouver:

"Your book Canadian Real Estate contains a wonderful wealth of information on all aspects of real estate. I have found it to be the only written reference material

of any practical use."

Now, if this original publisher had not taken on my book none of this would have happened. There was an individual in Nova Scotia, and Nova Scotia apparently is notable for extracting exorbitant rates of interest out of the public. A Royal Commission in Nova Scotia discovered, for example, that one lender, a well known Canadian lender was charging 57 per cent interest on small loans and they stopped that. This man, after reading my book, wrote me a letter and said he had paid off his mortgage before reading my book and now he was very suspicious that he had paid too much.

I did a report for this man -- and I discovered that the lender, a well known Nova Scotia lender, had charged him more than $2,000 in paying off the loan. This man was so annoyed that he has taken this entire matter to the Attorney General of Nova Scotia.

Now, I will start at the top of the scale in the covenant, if I may. We will take Mr. Basford, Department of Consumer Affairs, he needs a few lessons in real estate apparently. If you are going to have a house-cleaning organization you must start with your own house. In the first place I suggest they start it with the Central Mortgage & Housing Corporation who have committed one of the greatest flim-flams in financing I have ever encountered. They are not

the only ones guilty of this.

I have in my hands here an application for a loan under the National Housing Act. This application says: 'If you apply for a loan under the National Housing Act and we will say the interest rate is going to be 9 per cent, that is one thing, then you are called in to a lawyer's office to sign the mortgage and you are very happy, you have got your loan. Now, I have the mortgage deed under that National Housing Act.

In this mortgage it states in fine print that this loan will be compounded half yearly and in advance. 99 per cent of Canadians do not know what that means. I wrote Mr. Higgins a letter and I asked him who authorized him to compound his loan twice a year. He ignored the letter. I sent him a telegram and he ignored that. I tried to reach him on the phone and I couldn't do it. Finally I received a letter one day from an executive director saying, "We don't where it started or how it began but it has always been like that and it seems to be the general market practice."

I ran this through a computer and I discovered that by compounding a loan, an N.H.A. loan for $25,250 twice a year they are charging the borrowers $4.51 a month more than they should. This has been going on since Central Mortgage and Housing Corporation were formed.

MR. CAMP: Mr. Steacy, with great

respect, I think we are outside the purview of the Commission.

MR. STEACY: I disagree because I am making a point as to why this book is necessary in Canada and I am coming to my point as to why publishing houses not only should be subsidized for writing such books because of the limited sales -- However, I will go along with your suggestion, sir.

MR. CAMP: We accept the premise.

MR. STEACY: Thank you. But the point I am trying to make is that this book has never had an adverse review, it has always been very favourably received. Every day or every other day I receive letters from people saying things about the book and how it has helped them.

Now, as I stated, if the publisher who originally published this book had got it on the market, when he found himself in financial difficulties if he had some source of funds that he could turn to and say, "Look, this book is well accepted, it is needed, we have to continue it, it has to be revised, In need some money to help with it, the author can't afford it", he would have continued immediately, I am sure of that, because the first publisher, although small, was a very aggressive book sale organization and he certainly knew how to sell books.

MR. CAMP: Is he still in business?

MR. STEACY: Yes, the publisher is still in that business.

Now, I don't want to dwell -- we are getting close to lunch time -- on this, but the point I am trying to make is that I believe there should be some source -- I would like to close on this point. I will give you a concrete example of why it is difficult for me to continue with a book such as this, although I will, I am sure.

At the present time I am under contract to a large developer to buy 31 properties for him. When that contract is finished in about two months' time I will go on to another one, so at the time of this two-month period if I say, "Fine, I am going to work on my book, I will take two months to do that", I have lost all contact with my business in the meantime. At the end of the two months after completing the work on the book I can go back and say, "Well, here I am boys back in business again, give me some jobs". They will say, "I am sorry, Steacy, we have already made other arrangements". It will take me three months to get back into business again so I have lost five months' income trying to update this book and this can happen.

The novelty, of course, is over with me now.

MR. CAMP: You have a new publisher?

MR. STEACY: Yes, I do. Maclean-Hunter is the new publisher. Incidentally, I must state here as a matter of public interest, I have appeared on television because of this book, no less than 9-1/2 hours of solid time. I have appeared for many hours on radio and have lectured from Toronto University down. One point about the Toronto University, I lectured to economics students on how developers make so much money and build up portfolios in real estate, and when the question period opened up, they didn't want to hear about that. They asked me what was going to happen when they get out of school, what about their mortgage and things like that. They got right to it.

DR. JEANNERET: I would like to echo the comments made by my colleague here. I found your brief very clear, your two recommendations very clearly set forth, but I am not sure that there is a sufficient degree of relevance in this background to keep your presentation within our terms of reference. In other words, we accept the fact that you have had these problems and we are glad to have these recommendations, but I think that perhaps the detailed history is not sufficiently

relevant ---

MR. STEACY: Very well, I understand that, I appreciate that, sir. Of course, I am following the last gentleman and the remarks he made about assisting publishing houses and authors with books and I can appreciate that. A book on real estate -- if you go into your libraries you will find one book on real estate in Canada that was written by a top professional on appraisals only. Other than that, there is a book called Canadian Mortgages, which is a very fair treatise on the subject, published in 1959, but there is nothing like this book in Canada. This is the only book available on real estate and developments too. If you are going to be involved in Canadian real estate, you should get the Canadian Real Estate book. I am sure there are other areas in writing, such as insurance, buying and selling cars, finance companies and small loan companies, and there must be many subjects on which there are qualified writers who could write books like this in any of them, but it is very difficult for them, because perhaps of the limited market.

DR. JEANNERET: What could this Commission do about it?

MR. STEACY: This Commission, sir, can make a recommendation, as for example, I asked the Canada Council for a grant to help

me continue with this book and they said "Nothing doing, we have no funds for that". Well, if that is their policy, that is their business. I can't do anything about it, but I think there should be some source of funds available from some government body to continue with a book of this sort and other sorts that do help Canadian citizens as such.

Here is another area I might make as an additive to that. There are about 300,000 Italians in Toronto alone. The Italians are well known to be the most aggressive landowners -- the first thing they want to do in any country is buy some land. They are great home owners, but there is nothing they can read about Canadian real estate because the majority of them, when they get here, do not speak English very well. This book would be translated into Italian for these people in a paperback edition, but who is going to finance that? The publisher can't afford to do it.

DR. JEANNERET: You are suggesting it is economically attractive as a speculation and ---

MR. STEACY: No, not as a speculator. I am suggesting the government put forth the price to help these 300,000 Italians learn more about real estate that they are getting involved in. It is a well known

fact some of them have been misled in buying, for example, not too long ago there were examples where people were going out of the country buying 100 acres of land and cutting it up into parcels and selling them to these Italians and because of local zoning restrictions they couldn't do anything with the land. This book would protect them. To be as brief as I can, sir, I think there should be an area of funds available for publishers and authors for books like this that get right down to helping a man on this thing.

DR. JEANNERET: I got the message myself.

MR. CAMP: I have the message.

MR. STEACY: Thank you very much, sir.

DR. JEANNERET: Thank you very much, Mr. Steacy.

I guess we are adjourned for lunch.

---Luncheon adjournment

---On resuming at 2:00 o'clock p.m.

SUBMISSION OF ALGONQUIN REGIONAL LIBRARY SYSTEM

THE CHAIRMAN: Ladies and gentlemen, we will reconvene a little bit late, for which I apologize.

We have with us at this time Mr. Smith of the Algonquin Regional Library System, and with him, Mr. Brunton.

Gentlemen, if you could touch on the high points of your brief, we would appreciate it and we could perhaps discuss it later.

MR. SMITH: Thank you. The main reason why I am speaking indirectly on behalf of the Algonquin Regional Library who presented a brief to the Commission, was for our concern for the lack of Canadian materials which are available to us in our job of presenting library service across an area of 13,500 square miles serving 24 public libraries and an indeterminate number of schools. We are consistently asked for materials for research projects for school pupils, for university students and, indeed, for the general members of the public, and we are also confronted with the dilemma of ordering materials which would answer that question or ordering of Canadian materials with

which to answer the same questions. We have, over the years since 1960, as a regional library serving the territorial district of Muskoka, Nipissing and Parry Sound, built up a stock of 52,000 books. I have never in my life attempted to find out how amany of these are Canadian, but I can assure you, sir, that the percentage of books for the children in the schools, which may be termed truly Canadian in content, is very, very small.

The other main topic of my brief, if I may call it that, is the fact that we, the Public Library Service of Ontario, feel that we are perhaps the biggest market for the publishing industry in Canada and that we would like to feel that from this Commission will result some ideas in how the publishers may best serve the Public Library Service of Ontario. In the last year of record, and it is included in my brief, Public Libraries of Ontario put into their stock somewhere around 840,000 volumes which represents at an estimated cost of $5 a volume, somewhere in excess of $4 million worth of books.

These are the main points. I may elaborate on any specific items I have mentioned, but we feel, as librarians, we should have some say as to what is being published in this country to meet with the Canadian content which has received so much publicity as far as

periodicals and radio and TV are concerned.

DR. JEANNERET: Mr. Smith, approximately -- I am looking at page 6 -- it is unnumbered but I think it is 6. It says "BOOK BUDGET" in the middle of the page. You refer to:

". . . the book budget represents one third of the total expenditures."

Does that mean the total library, regional library budget?

MR. SMITH: Total regional library budget is approximately $200,000. The total operating budget is probably near $150,000 because we have to budget for the first few months of the succeeding year. In any one year we are spending approximately one-third of our operating budget on books.

DR. JEANNERET: Two pages previous to that there are some figures at the bottom of the page. Are they dollar figures?

MR. SMITH: This is in terms of volumes.

DR. JEANNERET: On page 8, if you count them off again, under "PUBLISHING PROGRAMMES", you make an interesting statement at the bottom:

"The Canadian cultural influence is as yet barely

identifiable in the programmes and output of Canadian publishers." Would you mind expanding on it a little?

MR. SMITH: As I stated earlier, sir, the problem I am confronted with is the problem of keeping 24 public libraries supplied with books which will answer the questions that are asked of them by the public. Now, we have certain publishers in Canada that do publish Canadian items, but there is a great lack of general materials which may be termed Canadiana. We have books on American animals, books on American geography, but where are the same books on Canadian animals and Canadian geography?

DR. JEANNERET: Presumably it is a question of market?

MR. SMITH: A question of market, and I was intending to speak to that. We have somewhere around -- I know for a fact we have 500 public libraries in Ontario and somewhere around 4000 schools. We feel that the Canadian publishers, and here again I am generalizing, have said that that 5000 volumes or 5000 copies of a title would be Canadian best-sellers, as far as I can see.

DR. JEANNERET: It is pretty hard to coordinate this 5000 behind any one title.

MR. SMITH: This would be so,

but with the number of schools and libraries across the country, there should be a demand. I am just talking in ---

DR. JEANNERET: More often than not it is so that the total library sale in Canada of all types is 500 for a book, that is more often true, is it not?

MR. SMITH: Then they are not producing the materials librarians want. What consideration is given to the needs of the librarians and the needs of the public?

DR. JEANNERET: We will have that under further discussion.

THE CHAIRMAN: How would you interpret this if you are making that demand? How would you go about finding what it is that the librarian wants?

MR. SMITH: From day to day in the course of -- Mr. Brunton is more able to speak to this than I am and he is now a public librarian and I have been elevated to the Director of the system. From day to day people come in and say "I would like a book on such and such a topic", and when the publishers send their representatives around we say "Let's have a book on the war of 1812 written for the Grade VIII student level" and they say "I am sorry, we haven't got one" and I say "What can you do about it?" and they say "I will ask around". Instead of relating

themselves to the point where they say "We can justify we produce a book for Grade VIII students on the war of 1812, which shows the Canadian side and not the American".

DR. JEANNERET: You are saying a great many publishing opportunities are going to be not taken advantage of?

MR. SMITH: This is true, yes.

THE CHAIRMAN: How would you go about correlating this kind of demand? How would you go about putting your hand on it in such a way that a publisher or group of publishers might come to grips with it?

MR. SMITH: This might be approached through the professional organization, the Ontario Library Association, to present a brief which has contact with all these libraries, presumably, in this province. You could institute some program of asking what books there are not, rather than what books there are in libraries, what books are needed in the Canadian areas? I take very many classes of Dewey which is library jargon.

THE CHAIRMAN: We recognize what it is.

MR. SMITH: Without having to resort to British or American equivalents, we could say to a Canadian publisher "We would

like a series on trees of North America or trees of Canada, Animals of Canada, the Heroes of Canada, the history of Canada", I could go on and on.

THE CHAIRMAN: Has the library association ever put together an analysis of the deficiencies of the kind you are talking about?

MR. SMITH: I have no idea, but I would presume not, sir. This is one of the many opportunities the library service in the province is going to have to speak to more than itself.

DR. JEANNERET: Not any way to contradict your testimony, because I think it is worthy of consideration. Years ago the Library Association questionnaire asked the librarians to list in order of priority the most needed reference books in the country.

On the top of the list, and as I recall it accounted for about 95 per cent of the returns, was for a rebirth of the Canadian Annual Review. We subsequently saw too the rebirth of the Canadian Annual Review and we are selling substantially fewer than a thousand copies a year at this time.

MR. SMITH: This is just one title.

DR. JEANNERET: It was the top choice of all of the libraries.

MR. SMITH: The top choice of all the libraries? Would that include all of the libraries in the province?

DR. JEANNERET: It was a CLA questionnaire. This is not to prove anything but it is frustrating when this happens.

MR. SMITH: There may be some difference in definition between your term of a librarian and mine. When I think of a library I think of one the size of Parry Sound or Burkes Falls which does not have a librarian who is qualified to decide which are the best books to stock but depend on the director of the system to tell them what books they should have.

DR. JEANNERET: You make a very interesting suggestion in 5(a),

> "The co-operative establishment of book stores in remoter areas of the province for direct sales to the public."

I think this is worthy of very careful study, it presents many problems that would provide for

transfer to private ownership if the market demanded things of this nature and guard against unnecessary competition with existing book sellers. Just such a proposal has been put forward and is under consideration at the present time. I would like to ask a question in connection with it.

Do you see under any circumstances a role to be played by the librarian in connection with such outlets?

MR. SMITH: I would say definitely so.

DR. JEANNERET: In other words, they might very well provide a useful public service by involving themselves possibly in the administration necessarily subsidized in administration of a retail book outlet for the area.

MR. SMITH: Absolutely. As a matter of diversion, my wife said to me this morning before I came down, "One thing I would suggest to you that you suggest to the Commission is that they visit small communities like Parry Sound"because in that total area of 13,000 people there are only six book sellers and possibly two are book sellers in the general sense. The rest are selling scotch tape and things of that type.

DR. JEANNERET: I am specifically asking whether or not you see a possible role to be played by librarians in those areas where no

unnecessary competition with existing book sellers would arise, and those are very few indeed, to broaden their function to include actual retailing of books on some suitably supported basis?

MR. SMITH: If some of the monies that result from the sales went to the libraries I would support it wholeheartedly.

DR. JEANNERET: There would be book sellers there already, this would have to be a subsidized operation but the point is that the personnel involved would presumably be paid just as they are paid right now as professional people but do you think they could take on a responsibility in this area, logically?

MR. SMITH: I would say through the 14 regional libraries in this province, it could be done. I would not hold out much hope for the smaller communities. The regional libraries have been thrust into this role of being the central purchasing agents for the north of this province because there are not enough librarians and there are not enough public libraries in those areas.

DR. JEANNERET: I am talking of book sellers rather than book purchasers.

MR. SMITH: Well, the same would apply, the regional libraries would have the only qualified personnel or staff.

THE CHAIRMAN: One of the things that we are seeing emerge is that there appears to be as a result of the independence of each of the

publishers in this country, whether they are Canadian-controlled or whether they are foreign-controlled doesn't matter, but each of them appears to be quite independent and they have difficulty, it appears at least, in working in any co-ordinated way. At least it appears that way, this is what they are telling us.

Do you think that some of the problems which you see in your brief would in any way be answered by the creation of a body which would in some way or another bring into its over-view a regulatory capacity or advisory capacity the work and efforts of the publishers in this country?

MR. SMITH: Some years ago our beloved publishers did attempt a co-operative of retailing to libraries and the general public and as of last year it went into temporary re-ceivership, I believe. I still feel that there should be some central agency for the dissemination of all books. I don't know if this really answers your question, but this is what I feel as one librarian in a rather remote part of the province because in ordering books we, in the Algonquin region rely heavily on co-operative books for processing as well as centralized purchasing.

THE CHAIRMAN: Generally speaking, how do you find the service that is offered to you by the Canadian publishers and Canadian agents?

MR. SMITH: I might term this the

"hot seat". I would say that I find the service adequate. I am not, as so many large urban centres are, under close pressure of meeting demands for material the day after it has been published. There are pitfalls, some of which I have outlined in my brief to say that we do suffer too much from one book parcels, we do suffer a little from the accounting and invoicing procedures that some of the publishers use, credit invoices and credit slips, but generally speaking I would say for my purposes the services of the publishers are adequate. They are not good, but adequate.

THE CHAIRMAN: We thank both of you for coming and thank your wife for her advice to you.

MR. SMITH: Thank you.

SUBMISSION OF PETER MARTIN AND ASSOCIATES

THE CHAIRMAN: We now have with us Peter Martin and his wife Mrs. Martin. I understand you have done better than Mr. Smith who preceded you, you brought your wife, or did she bring you, which?

MR. MARTIN: It is always better to have the brains of the outfit with you.

THE CHAIRMAN: It is always good to know where they are.

As you are aware, Mr. Martin, you

have been with us for some period of time and we would be obliged if you would hit your high points and then we would like to question you as quickly as we can.

MR. MARTIN: Thank you, Mr. Chairman. In lieu of introductory remarks perhaps I had better mention one point which I think is vital to our presentation. When Keith Davey decided to take a look at the mass media of Canada for the Senate -- when the Senate decided to take a look at the mass media in Canada I suggested to Senator Davey that they should broaden their terms of reference and include the least mass but in some ways the most important mass media and that was books by the publishing industry of Canada.

Senator Davey, unfortunately, declined to do so and came to regret it last Fall. There were some statements made to that effect. It happens I am particularly pleased and am full of heartfelt gratitude that you gentlemen are sitting over there as a Royal Commission to look after this industry in Canada.

In our brief starting at page 12 there is a section, "Solutions" which are recommendations. I just want to say about those they are intended to be not definitive by any stretch of the imagination but they are intended to be complementary or supplementary perhaps to some recommendations that you will receive in a subsequent brief from the Independent Publishers

Association at the next batch of hearings or the one after. That brief will sum up the steps which a great many of the independent publishers in Canada feel must be taken in order for us to retain in this country a book publishing industry.

My recommendations are directed towards that basic situation.

Mr. Chairman, I think perhaps I should make a very brief comment too. The last person that appeared before you on the last submission before lunch, a gentleman named Richard Steacy, a writer, was very kind to refer to the small publisher that he started with and he said some very nice things about that small publisher and pointed out that he left him because of reasons which were good and sufficient to him. I think as part of the record I should say we were the small publisher involved and we still owe Mr. Steacy money and hope very shortly to be able to pay him.

I have a gut feeling that there is a need in this country, if this country is to remain as a nation, to seek its own solutions for the if it is to have its own book publishing problems companies. There are agencies and firms that is publishing in Canada only by Canadians and publishing for Canadians. That, is exactly why I am in it. The publishing industry is in a state of crisis. The main argument, in my submission to you, identifies, I think, what is

the reason the Canadian publishing industry as I say is in a state of crisis and that reason, to state it very briefly is that we are not able to charge in Canada what must be charged to receive a sufficient return on sales to enable us to do next year's books.

Canadian book publishers are able to make only a very small profit in their operations even when they are operating with very great efficiency. I believe the reason for this is, the book prices in Canada are psychologically for all practical purposes established in New York. This is one of the conditions of our environment and I think it is the most serious and most severe problem we have to face and solve if we are going to have a book publishing industry in this country.

MRS. MARTIN: I would just like to say something in connection with the last submission. I listened with interest to the point of view of the Algonquin Regional Library and it makes me feel even more frustrated with the experience we have had with publishing books for children which are not textbooks and are not meant for teaching. We have published three books in this area. They were all well reviewed, two of them in particular, we sold the American hard cover rights and . . . paperback rights to the United States and Canada but the sales in this country have been very low.

The books were reviewed by the magazines that go to the libraries and I presume the librarians read about them and knew they were Canadian in origin, they were about Canada and that they were good, well written books. Why we did not sell more of them, I don't know.

THE CHAIRMAN: How many do you think you have sold?

MRS. MARTIN: One of them we sold 1,400 copies. The other one sold 900 copies, and that is within two years.

THE CHAIRMAN: What percentage of those would be to libraries, have you any idea?

MRS. MARTIN: On the whole we think we sold about 40 per cent of the sales to libraries. It might be high on these two books but even so this is across the country.

THE CHAIRMAN: What you are saying really is that the libraries are not necessarily the kind of market some people claim they are or can be.

(page 288 follows)

MRS. MARTIN: I think, unless you have a salesman going and calling on each library, they aren't and I think that is the major problem far a fairly small publisher like ourselves. It is very hard to reach the libraries because we can't afford to send someone from door to door.

THE CHAIRMAN: Do you think if there were some requirements, someone suggested a matter of requirement on libraries to require a certain volume of Canadian production, that this would in any way turn their attention more directly to the need and enable them to purchase Canadian authored and manufactured books?

MRS. MARTIN: It is hard to know the solution. The librarians say they want to buy Canadian books and we certainly are publishing Canadian books. I think the problem is in the communications between the publisher in this case, and the library. We can't afford to do much more than advertise and try to reach them, as we are doing now. I think there should not be rules forcing them to buy the books. I think there just has to be some way to reach them better.

DR. JEANNERET: Mr. Martin, as I expected, your brief was very comprehensive and informative. There are points that I will ask to get certain things on the record,

especially from your vantage point of experience. Other publishers tell us that the two tops of general publishing in Canada are agency lines and original Canadian textbook publishing, or at least they have said that these have been the tops in the past. It is simply to orient us, how many agency lines do you have, and how many textbooks have you published?

MR. MARTIN: Dr. Jeanneret, we had two agencies from the United States and we have dropped both of them because I am convinced -- we were not servicing them very well, for one thing. I am convinced the agency business in this country is doomed within the next three to five years. It struck me as a very poor profit ---

DR. JEANNERET: It has in the past been very important.

MR. MARTIN: Yes. As to textbooks we have done no books specifically designed as basic curriculum materials. We have done a number of books which certainly had application in the schools. This year for the first time, two of those books were listed in Circular 14.

DR. JEANNERET: With what results?

MR. MARTIN: The listing has just started. I was telling another publisher who was in the room today, and who was heavily

into educational publishing, that we finally got two books on Circular 14, and he said "How many orders have you got?" and I said "None" and he said "Aha". We don't have service books and it is going to take a while to get into this business, but we will be after some of it. Yesterday afternoon's hearings I missed because I was out talking to a school county librarian with whom I did a very decent amount of business yesterday afternoon, as a matter of fact, and she had not heard of us and somebody tipped her off, one of our associates. We engaged a consultant the month before last, a chap who is very good with secondary school material in English particulary. He suggested to us ways in which we could market our books and the report he gave us was a very good one and covered all our needs. One of the basic things was to make a survey. He button-holed 6 English teachers at O.B.A. and said "Have you ever heard of Peter Martin Associates?". Three of them had never heard of us. One of them knew we were a small Canadian publishing house and two of them -- this really hurt -- thought we were a small American publishing house. We have some way to go in market penetration.

DR. JEANNERET: Would you agree that publishing is more often than not a

creative act in itself, that is to say, many of the books published by any one Canadian publisher would go unpublished, possibly even unwritten, if that publisher went out of business of if he ceased to engage as actively as heretofore as in original Canadian publishing?

MR MARTIN: The answer is unequivocally yes. There are a lot of books which would go unpublished and a number, as well, which would go unwritten if there were not smallish Canadian publishing houses, what you might call personal houses, such as ours. It doesn't have to be a husband and wife team to be a publishing -- personal publishing house.

DR. JEANNERET: To use the vernacular again, trade publishing publishers are not after the same buck generally. There is room for a book on a book on a book.

MR. MARTIN: Not after the same book or buck?

DR. JEANNERET: Buck, b - u - c - k.

MR. MARTIN: I am convinced -- and I listened to some of the remarks from the Algonquin Regional Library because I could lie awake nights and think of dozens and maybe hundreds of titles which need to be published in this area, which should be published in this area, which should be required to be published, and could be profitably

published if we had access to more working capital.

DR. JEANNERET: From the standpoint of the consumer there is room for more good Canadian books if they can be published?

MR. MARTIN: Absolutely. For instance, in connection with another project, something occurred to me one day that nobody has done a popular history of the Stock Exchange, stock trading in this area. Hundreds of thousands of people play that game down on Bay Street and many of them would like to read an insider's kind of book.

THE CHAIRMAN: I can remember one member of the Legislature who had taken a shot at that type of thing, but where did he publish his book?

MR. MARTIN: That is most peculiar, Mr. Rohmer. I hate to get involved in a political battle which involves people of two different persuasions, but he published -- his book was specialized.

THE CHAIRMAN: Oh certainly.

DR. JEANNERET: On page 3 you mention having made 14 sales of subsidiary rights abroad. Does your theory support my own in that this is a necessary and important and very proper Canadian publishing activity but an extremely unremunerative one?

MR.MARTIN: Certainly the

amounts of money that we get aren't the kinds of money that are listed in Publishers' Weekly for paperback sales and this sort of thing. I have a feeling down in New York they have a feeling they can get this stuff cheap from Canadians.

DR. JEANNERET: Anybody in serious publishing, non-fiction especially, fiction too, is likely to go to Frankfurt and sell books, an edition of this and an edition of that, and make $100 on each one, and I have been told that by a very major American publisher and I believe it to be true.

MR. MARTIN: Our sales off the North American continent have produced very little in the way of money in the net. In net it sounds like a lot but in dollars it isn't a lot. Sales in the United States and paperback sales in Canada are a little better. We can get a fairly decent contract.

DR. JEANNERET: Would you mind encapsulating for us a little bit of information here on the operation, and especially on the basis of selection of books of the Reader's Club of Canada? I would like to know how many members you have?

MR. MARTIN: Certainly.

THE CHAIRMAN: Before you answer that, what is the association that you say you have with the Reader's Club of Canada

Limited? Would you tell us what it is?

MR. MARTIN: Who was answering these questions? We organized Reader's Club of Canada Limited in 1959 for the specific purpose of creating and operating a Canadian book club. Our intention was to model ourselves after the Book of the Month Club and other clubs in North America, but to offer books, good Canadian books of general interest to Canadian members. The Reader's Club, through mismanagement on my part, and inexperience -- this was my first business venture -- also being a little premature as a business venture lost quite a bit of money over the years. Since 1964 we have rebuilt it. Well, in 1965 it became apparent to me that we had in Canada -- we were developing a most peculiar kind of bottle-neck. There were a great many people who had books to write and even were writing them or had written them. There were a great many Canadians who were interested in reading books by Canadians. We found 3000 of these. In the middle there were very few Canadian book-publishing houses. The branch plants by that time in the 1960's had not taken as big a share of Canadian publishing as they now have and one sometimes got the feeling that Jack McClelland was going to do it all himself, with notable exceptions, such as Ryerson and Gage. A lot of readers on the one

hand and a lot of writers on the other, and in the middle were little publishers. It looked like a commercial opportunity to me and I expected it might also afford me a profit. In 1965 we established a separate company, Peter Martin & Associates Limited and financed it separately in a minor way from my uncles and brothers and sisters and cousins. The relationship now is that my wife and myself serve as general manager for both companies. The office staff, fulfillment staff, the physical facilities, both companies use the same staff and facilities. We pay the Reader's Club out of pocket expenses incurred in operating, shipping, fulfilling and so forth, plus a percentage of sales. The percentage of net sales that Peter Martin pays to Reader's Club is 15 per cent out of the first $3000 sales each month and 5 per cent on sales in excess of that. I don't know whether it is fair to my two largest shareholders, but it was worked out by the two sets of auditors and two lawyers so we could get an arm's length kind of arrangement. The Reader's Club, of course, we hope to get to the subject in a separate submission, which we will write to you.

DR. JEANNERET: You are making a separate submission?

MR. MARTIN: That is my intention.

It is easier for me to make a submission separately.

THE CHAIRMAN: You are keeping us on tenterhooks for quite a while and you still have not got to the point that I am interested in now. I am wondering, not assuming in dollar terms, but how is the Reader's Club doing?

MR. MARTIN: It is making a small profit and membership is large. I might say this now. We have seen quite a remarkable development this year in the Canadian public and I will be specific about that. About four years ago we ran a full-page ad recruiting members for the Reader's Club in Saturday Night magazine. At that time we had produced something like 40 or 45 members, 40 or 45 coupons came back from a full-page ad in Saturday night. This spring we ran a full-page ad in Saturday night and so far we have received over 200 coupons. I take this to mean perhaps two things: Perhaps Saturday Night is a little better magazine than it was a couple of years ago and more especially, the Canadian public has been in a sense radicalized, has become very aware of its own identity and very concerned with the future of Canada.

Joining the Reader's Club of Canada is one of the things that point in that direction.

DR. JEANNERET: I think we should leave that if you are going to present a brief on that which will be interesting.

On page 6 of your brief you say,

> "Certainly a comparatively massive infusion of new working capital into FMA would enable us quickly to move from the red to the black."

My question is, is the problem one of credit primarily, that is, do you mean that you could afford the cost of additional working capital if it were made available or do you mean the subsidization of the cost of additional capital in whole or part would make the rest of the operation profitable? There are two kinds of working capital.

MR. MARTIN: Ideally I would like new capital, equity capital. Equity capital you do not have to pay back until you start making money, cash in advance, should I say?

THE CHAIRMAN: There are two kinds of capital you are talking about. One is equity capital you don't have to pay back which is equity capital and there is capital you have to pay back which is in general terms a loan or debenture capital. Which capital would you like?

MR. MARTIN: We have for sale any

time although we cannot advertise it at any time --

THE CHAIRMAN: Don't let that bother you.

MR. MARTIN: We have for sale $10 shares, they are 6 per cent non-cumulative, non-participating.

THE CHAIRMAN: Are they redeemable?

MR. MARTIN: I think they are, yes. But on the subject of capital I think that is the way to do it. The research vice-president of a very respectable broker house Collier,Norris & Quinlan who is an old friend of mine and who had been following --

THE CHAIRMAN: I am sure if they were here they would say they were respectable.

MR. MARTIN: Very respectable, yes. This chap had been following our affairs for a number of years, we showed him the figures on production and he checked them and he had an active file on us. He prepared an information circular and the information circular was an attempt to raise $300,000 of convertible debentures and to amalgamate the two companies into one as a holding company. On paper this looked to me a very profitable investment where if we had venture capital in this country where somebody would put up some money, Collier, Norris & Quinlan circulated this information circular to, I believe, every conceivable source of finance in this country that would be interested in $300,000 of capital.

There were no takers. Books -- no money.

DR. JEANNERET: Mr. Martin, at the top of page 8 the first complete paragraph you discuss some important material in it but there are a couple of errors that confuse me. One is minor, I think,it is just a matter of dating. You say,

"Canadian publishers do not have reciprocal access to continental markets."

And you refer to the manufacturing clause in the American Copyright laws and you state,

"But its workings prior to its modification in 1963 --"

I think that you are referring to prior to the ratif cation by Canada which took place in 1962,

"--established a seemingly permanent pattern of trade; Canadian publishers, denied significant access to the American market before 1963, -- "

I don't know what you mean by "denied significant access to the American market before 1963".

Let us not go into the whole bit on copyright, but has this some meaning that I am missing?

MR. MARTIN: I think if I am confused you are the one person in the country to set me straight. Am I wrong in assuming that before 1962 it was impossible for books in the English language produced outside of the United States to be imported into the United States in excess of 1,500 copies?

DR. JEANNERET: It was not impossible at all.

MR. MARTIN: The story recently was that large shipments would be stopped at the border if they had a copyright notice in them.

DR. JEANNERET: If they had an American copyright notice in it because they had it improperly but they could have all rights reserved and copyright and all things like that. It is all right, I don't want to pursue it, I just want to make sure you are not making a point here that is not coming right through. I think if you would comment on the oft given advice that all Canadian publishers need to do in order to expand their sales is to expand their advertising and their promotional budgets and then their sales will soar. I ask this question with a pretty good idea of the answer but I would like to hear the answer from you if you would comment on it and even spend their money more wisely if you want to put it that way.

MR. MARTIN: This business is fraught with uncertainties. You can bring out a book which you think is great and you can put your advertising dollars and promotion dollars into it and can fall dead. You could bring out another book which you do not advertise and spend no money on it and it sells like mad. I don't think it lies in promotion dollars except in percentage. An absolute increase in sales goes up,

of course, but I don't believe matters as such is a solution to the problem. I think a comparatively new firm like ours still has a lot of fundamental promotional work to do. There are public librarians and school librarians who have never heard of our books. There are people who do not know of the very fact that we exist so I presume our promotional costs would continue to be rather higher than they should be for a few more years now.

Am I answering the question?

DR. JEANNERET: I think so and I am glad to have your views on the record. Is your second recommendation which is at the bottom of page 12 not possibly confusing non-publishing costs with publishing costs? Are you not proposing that the publisher should be subsidized so that he can take over not publishing costs but R & D costs, so to speak? You are saying in the educational field it can be argued that provincial agencies should be the source of R & D money. You are really proposing that the publisher assume research costs here that are normally the responsibility of the author or group or whatever it might be that he is publishing for, is that not so, that he subsidizes what he can do with it?

MR. MARTIN: Yes, it seems, Dr. Jeanneret, from what I know of the textbook business that a perfect non-fiction manuscript,

what you receive from the author is not in perfect form and in a lot of cases a lot more work has to be done and in many cases a lot of money has to be spent there before it reaches the textbook publishers. There are enormous costs which are not necessarily incurred in the publishing costs. Somebody has to pay it.

DR. JEANNERET: The only other question I want to ask at this moment, Mr. Martin is, in the fifth recommendation you say,

> "School boards and public library systems should be prohibited from making any purchases from foreign or foreign-owned wholesalers."

I presume that that recommendation is merely to shore up the normal agency system and is a recommendation that foreign books should be bought through agencies because there is nowhere else they can buy them or do you mean they should buy them from Canadian owned wholesalers? Is there any element of censorship or denying access involved in this?

MR. MARTIN: No, Dr. Jeanneret. The intention there as I see it, the Canadian book trade is maturing and it is likely to be cut off at the knees with foreign competition. We are developing some of the -- not peripheral institutions but some of the aspects of the trade which in Canada are now beginning to develop. The wholesaler has, in a sense, a role to play

in publishing in a large and mature nation as this has become.

DR. JEANNERET: As long as he is a Canadian owned wholesaler, is that what you are saying?

MR. MARTIN: Yes.

DR. JEANNERET: You kill him dead if he is not here.

MR. MARTIN: Yes, I do kill him dead. I know it sounds like nationalism on this issue but it is not. The wholesale area is one area where we are just beginning to develop our organizations. I listened to you a couple of years ago talking about the absurdity of selling books to the university libraries of Ontario, your firm shipped the books to California who processed them there and shipped them back. It is absolutely ridiculous. This is an area in which we are talking about the spending of existing public funds now.

DR. JEANNERET: What is at stake is service, perhaps. You can't answer that but that is the issue?

MR. MARTIN: I would like to see a proper book centre be given a chance, I would like to see some smaller Canadian wholesalers be given a chance to show what they can do. Then, if it doesn't work, if a sophisticated wholesale company can't develop it then give it back to the foreigners but at least give him a chance with it. It is one

part of the brief in which I have no vested interest.

DR. JEANNERET: Thank you very much, Mr. Martin.

MR. CAMP: My colleague has asked almost all the questions I had in mind and a number I did not have in mind. Do you ever print any books other than in Canada?

MR. MARTIN: We have had one book printed outside of Canada. We went to England to have it done because costs were a little lower.

MR. CAMP: What book is that?

MR. MARTIN: It is a book called the Magic Fiddler, the Violon magique which is identical French, we printed 3,000 copies in English and 3,000 in French.

MR. CAMP: Where was the translation done?

MR. MARTIN: Well, the book was originally written in French.

MR. CAMP: Where was the translation done?

MR. MARTIN: The translation was done in Toronto.

MR. CAMP: I must say in terms of your submission I am very impressed by your candor and your cheerful submission of what one would call intimate details of the publisher's life. It does give one an appreciation of the industry. What is the book called, The Pros?

MR. MARTIN: The Pro was a book on professional hockey. There were two books simultaneously but the The Pro and Winter Racehorse, they were both good solid books which you would call a good read. They both attacked the NHL professional hockety, the way it is played now. Neither of them sold very well for some strange reason. We had a great deal of difficulty getting them on to television. Most of our books got on to television.

MR. CAMP: Am I to understand the phenoménal success of the book on Education in the Soviet Ukraine.

MR. MARTIN: As a matter of fact, Mr. Camp, when you are in the publishing game the worst thing you can do is to publish a book to the general public for everyone. If you can zero in on a particular interest in a particular market with a particular subject which you know that type of person wants then you will sell very well. That was such a book. It was written by a Canadian, this is not secret, John Golaski. As a reward for long years of faithful service he won a scholarship to go to High Park School. He was born in Canada but of Ukrainian ancestry and he very quickly became disallusioned w th the Soviet Union with what he saw which did not square up with what he had believed in the past.

They came back to Canada and wrote the book about it. He tried a number of Canadian publishers and a lot of publishers around town turned him down and said "That sounds like a book Peter Martin would be interested in". (Laughter) He brought it to us and I took it home and read it and it was a long way from the typical book in point of fact that we did publish, but he was saying a valuable and important thing and if your couldn't agree with his political stand before his conversion or after, I had some reservations about some of the things he said but his scholarship was impeccable and his writing was good and he said said some original things, presented new information about day-to-day life in the Soviet Union. I returned to him and I said, "I want to do this book but I haven't got the foggiest idea how I am going to sell it". Well, he said, "I will tell you . . ." ---

DR. JEANNERET: That is the kind of author we all wait for.

MR. CAMP: Didyou distribute it on that basis through book stores?

MR. MARTIN: To a limited extent, mainly through Ukrainian book stores in Western Canada. Most of the sales were to Ukrainian Canadian groups of one kind or another and in the United States and in the United Kingdom and Australia, wherever there are Ukrainians, the

book was sold. It is now being translated into Ukrainian. This is curious.

THE CHAIRMAN: For a fee.

MR. MARTIN: For a small fee. We have ---

MR. CAMP: It might very well lead -- that may very well be the answer to the next question which, just for the record, as my colleagues always say, what --"I think you have a socially useful role to play as a publisher". Would you sort of encapsulate or expand on it? If it isn't obvious, but in particular, I am looking over your titles -- the Canada at Vimy ---

MR. MARTIN: A socially-useful role to play. I would rather not talk about it in personal terms. Let me talk about it in general terms as the role of a Canadian publisher. He is the guy who, one way or another, is more or less involved in the fights that go on in this country, political, socio-economic, and so forth. He is the guy who feels that sometimes there are books that should be done even though you are not going to make a dollar profit on them, which should be done. You know, they should be done for the good of the country. You never think that. I have never read a manuscript and decided this is a terrible book and I am not going to make any money, but I am going to do it for the good of

the country. It is not that kind of decision you make, but you make a decision based on the fact that you, yourself, are a Canadian.

Could I digress for just a second? Just to prepare myself for today's appearance here, at 7:00 o'clock this morning I was reading "Help Wanted" ads in the back of Publishers' Weekly. I came upon an ad in Publishers' Weekly, general trade editors for publishing houses seem to be going at $15,000 to $40,000 a year. Mostly they are Canadians who are involved in Canadian publishing houses, people who would not have much difficulty going across the border and getting a work permit in the United States. Some of us are old enough now so we could be drafted. If you knock on enough doors -- Canadians, I am generally convinced, knowing both my competitors in Canada and also some of the people down in New York -- Canadians are more efficient, harder working, faster thinking, more objective by and large than the run of the mill of their American counterparts in New York. They have to be.

DR. JEANNERET: They slow down up here.

MR. MARTIN: The Americans?

DR. JEANNERET: The Canadians.

MR. MARTIN: Slow down up where?

DR. JEANNERET: The competition,

I mean.

MR. MARTIN: I hope you mean that as a joke. To summarize it, though, we are Canadians by choice. This is true of Canadians in professional fields of all sorts. All of us have a choice of working in the United States. We leave this country by choice. I have been in this country quite a long time. The question, I believe, is of social value to a publisher. I publish books for people like me. I wish there were more of them around.

THE CHAIRMAN: That naturally follows.

MR. CAMP: I don't want to pursue this too much, but I notice in your freely, voluntarily provided financial statements, an increase in spite of your profit position in regard to the cost of advertising. Where do you spend this? It is not to be confused with promotion and cost of sales, but where do you spend this?

MR. MARTIN: As a matter of fact, we lumped a number of things into that advertising category and it does include such promotional expenses as pouring whiskey into newspapermen. As far as advertising is concerned, our advertising has been largely in the form of direct mail promotion and on occasion we have done mail promotions to individuals. We have done some space

advertising. One of the problems that the independent Canadian publisher has faced in the past is that there is not an advertising medium in this country that meets this requirement for advertising.

MR. CAMP: You mentioned Val Cleary's study and you mentioned that -- you go on to make a point that I would have thought you would have made, the inability of Canadian publishers to reach American journals. Do you have any overview or any complaint or evaluation of Canadian periodicals which are involved in this field? The question I am getting at is do Canadian titles feel they are given a fair shake by the book reviewers in Canadian media?

MR. MARTIN: Very much so. I think that the media of the newspapers fall all over themselves to review Canadian books. I think, you know, I am rather more impressed with the Val Cleary report. What we haven't had is a chance to buy space to support book reviews. We haven't been able to buy space because there has not been a general book review medium published in Canada. There will be. Books in Canada, the prototype or dummy issue will come up next month and in July I believe it is going to be a regular circulation.

MR. CAMP: Perhaps the shot rate is less expensive than the line rate?

MR. MARTIN: They are such good people you don't even have to buy whiskey for them, but they are popular.

THE CHAIRMAN: There has been pointed out one figure in your statement of profit and loss and earned surplus. I forget what you said it was -- the advertising is $11,309 for 1969, close to $1000 a month, and your sales were $54,000?

MR. MARTIN: Yes.

THE CHAIRMAN: Have you any comment on the relationship between these two figures?

MR. MARTIN: It was a very bad year. There are a lot of specific reasons which I don't think are of much general interest. We had a string of books which didn't sell well -- a number -- and the year before you see our sales were $100,000.

THE CHAIRMAN: How did you do in 1970?

MR. MARTIN: In 1970 -- that figure is also in there. Sales were up. Our loss figures were the same. We had the cost of having to print more books than we could sell. You know, I put these figures in here because it is not a pretty story, but if you consider them as I do, the operating loss this year is going to be somewhat lower. The inventory will be right down somewhat, but

we will have a loss this year. We wouldn't have a loss this year if we had the price of capital for the money we have lost in the past. We have been producing books, 7 or 8 titles a year for the last three years. At the moment we have about 20 books at one stage or another of production and are capable, I think, without incurring any further costs and perhaps working a little harder, of producing 15 new titles a year without having ---

DR. JEANNERET: Do you have any books out of print you wish you could get back in but you are short of capital?

MR. MARTIN: Yes.

DR. JEANNERET: You would like them back in small quantities?

MR. MARTIN: I have a few hard-cover novels. My minimum reprint would be 2000 copies. Otherwise, our cost is too high. 2000 copies at the present rate of sale is, I would think, four years' supply. My author would like to see the book back in print. I would like to see the book back in print, but I can't tie up money for four years, even if I had money.

MR.CAMP: Is it possible to say what your average breaking-even point is in terms of volume sales?

MR. MARTIN: It is not,because your gross margin is very small on each book

and because of the relationship between each the fixed American cost, but I think, by running a fairly tight ship we can break even on 2000 or 2500 copies which the Canadian market will absorb in the kind of books we publish.

THE CHAIRMAN: I will ask a question that raises a point Dr. Jeanneret raised. Your brief says:

> "Certainly a comparatively massive infusion of new working capital into PMA would enable us quickly to move from the red to the black."

MR. MARTIN: Yes.

THE CHAIRMAN: Why?

MR. MARTIN: I can't get my books out now because I have not got any money to pay the printers. If I continue to produce 6 to 8 books a year, I am not going to be able to get into the black, but by increasing the output from 12 to 15 books a year, which I can only do if I get enough capital and/or, to put it another respect, support the cost of carrying books in inventory, then my operating figures will be in the black.

DR. JEANNERET: Do you have it realistically valued?

MR. MARTIN: We value our

inventory, we carry it at cost for the first twelve months and then we take at least 20 per cent rundown on our straight-line depreciation. I don't know inother circumstances whether that is enough or too much, but that is what we do.

MR. CAMP: Would it be effective at all in your operation as a small but enterprising publisher if warehousing costs were a matter of a co-op or how do you do it now?

MR. MARTIN: At the moment we are renting space. The cost is not very high but we were almost burned out. As a matter of fact yesterday four of the smaller general publishers -- three, excuse me -- got together and there is a scheme afoot, we are exploring the possibility of sharing our warehouse base and perhaps some other housekeeping kinds of functions.

MR. CAMP: It would appear to be economical then?

MR. MARTIN: Yes.

DR. JEANNERET: You have not shared the selling yet, have you?

MR. MARTIN: Not any really great experience yet. I tried two years ago to get the independent Canadian publishers I then knew to explore the possibility of a joint sales force and possibly even joint capital but they were not at that time interested in the proposal. I may be a little unusual in this. I know from my experience of the people who are selling for us in British Columbia that it doesn't matter if they carry competitive lines of books, if there is such a thing as a competitive line of books, books sell on their merits and it doesn't hurt to have one salesman for two publishers.

DR. JEANNERET: Some people have salesmen representing 50,000 or 75,000 books and you have about 700 in your whole group?

MR. MARTIN: Yes, we could not have men on salary doing this for us only.

MR. CAMP: In terms of that inventory, do you depreciate that from year to year?

MR. MARTIN: Yes, 20 per cent a year for five years.

MR. CAMP: Why do you do that, is that the advice of your auditor?

MR. MARTIN: Yes, Clarkson suggested we do it that way and I believe that is the way Ryerson Press did.

MR. CAMP: Not everyone does.

THE CHAIRMAN: You too have joined the growing group that suggests that there should be made available to Canadian publishers such a thing called low-interest loans. What kind of security do you think could be made available for this kind of loan and where would the loan come from?

MR. MARTIN: I visualize the federal government establishing a Canadian publishing development corporation. The Canadian publishing development corporation would look at each individual case and judge it on its merits though it would be looking favourably. In case of one of the surviving independent Canadian publishing houses the general manager of that firm

might like low interest loans against net worth. I am not in a position to be able to offer any net worth so in my case I would say it would be a loan against inventory. That is the only un-encumbered asset we have at the moment. The banks won't lend money on books. If we didn't go to all the time and trouble of putting black marks on them and folding all the pages, if they were clean paper we could get some money but since it is all messed up with words and ideas the bank won't lend us any.

MR. CAMP: Good point.

THE CHAIRMAN: Now, you speak of your recommendations and you make about six recommendations and conclude by saying,

> "The recommendations above all involve initiative in the public sector."

The question I have is, who would this be that would have the function of undertaking all these things? Would you lump it all into a thing called a Canadian book development corporation or how would you see this all occurring?

MR. MARTIN: Perhaps I was not as specific as I should have been. I just said a moment ago that low-cost loans should come from the federal lending body. That is not necessarily true, I think perhaps the province of Ontario should establish the same thing. The province of Manitoba has already done so in the question of the textbook business. There are such things as research grants

which Dr. Jeannoret thought I had misnamed, shall I say, publishing costs prior to the turn of the presses. Those things in the educational field should certainly come from the provincial government.

THE CHAIRMAN: You envisage some sort of governmental administrative tribunal that would take on these roles, I take it, is that what you are saying, no matter what it is called or how it is done?

MR. MARTIN: Yes, we don't have these particular interests at the moment but we do have analogies. The publishing house is analogous to the publishing corporation which for some time has been in existence. It seems to me that the Department of Education asking for the publisher to produce the book loading all the costs into the final price that is charged to the province could make a contribution in the beginning. If there is a clear, obvious need on the part of people in the educational field for a new series of printing studies, for example, which I know they are working on up here --

THE CHAIRMAN: That is what I am saying, are you suggesting that some part of the budget large or small of the institution which is located here might be diverted to this purpose?

MR. MARTIN: I think so.

THE CHAIRMAN: Would you settle for

some sort of a percentage of that budget?

MR. MARTIN: No, Mr. Chairman. I know that some of it might be saved by the cost of this auditorium but it is beyond my field. The textbook publishing business is very sophisticated. I do believe that if we are going to have the Canadian textbooks they must be helped. Some people say the source of the funds doesn't matter. I don't need to qualify that, I don't think.

THE CHAIRMAN: But I gather what your main thrust is is that as you put it "complementary action from the government is needed now". That is what you say and that you therefore, are of the view that some participation in an effective way by a government is necessary but if that is so I daresay that you would stop short of saying that then censorship should also be involved? I suppose you would say that the government should be involved effectively, providing that censorship does not enter it at all?

MR. MARTIN: Oh, absolutely. I am sorry, I thought that that was so obvious by now that that was the view of the people in the publishing business, I did not even put it in the brief.

THE CHAIRMAN: I felt safe, therefore, in asking the question.

MR. MARTIN: The whole thrust of

this is to look for ways in which we can save an industry, an industry which is about to vanish' from the Canadian scene. We must look for ways to save it which do not involve large decisions except in a most partial kind of way.

At the present time we have Canada Council grants, I consider that neither fish nor fowl or red herring, I am very grateful for the Canada Council for having subsidized book publishing. I don't think Vincent Massey ever conceived that it would do so. There is an obvious need in this country for it but they have to do it title by title and this presents some aspect of censorship. I would rather see publishers have access to money rather than be subsidized. I am not in a position to turn down any subsidies that I can lay my hands on.

MR. CAMP: Just following on this, Mr. Martin, you show in your interest exchange and bank charges, which don't seem very high, but I just want to ask the question, is that through conventional borrowing facilities? Is it from conventional sources, banks, in other words?

MR. MARTIN: Some of it is.

MR. CAMP: Let us not go any further than that.

MR. MARTIN: We would take it almost where we could find it. Some of the guys would break your knee-caps if you missed a payment.

MR. CAMP: Does that indicate then that

as we have been asking most everyone to do? I wonder if you can perhaps open by explaining for those who are here the sort of background with the nub of the Antiquarian approach, what is the nature of the things in which Antiovarian Booksellers deal?

MR. WEINRICH: I will deal with the last part first. The Antiquarian Booksellers deal in Antiquarian books, that is, books which are out of print. I have to make a distinction between second-hand books but in print and those which are simply out of print and unobtainable through the normal channels. The reason we are here is because most other countries have had a tremendous increase in the reprinting of books which are out of the copyright domain and almost all of the reprinting companies have arisen out of Antiquarian Booksellers and not out of normal publishers.

As to the high points of the brief, I think there are some mebers of our Association who are both book publishers and retailers although they are retailing almost exclusively for Antiquarian Booksellers. If we were assured of a firmer financial basis through our Antiquarian sales rather than through publishing sales there would be a tremendous market in Canada. We see a tremendous contact between those who select the books as being the most effective means of increasing what is a minor share

of the book publishing budget. We are convinced that the existing market would be persuaded to buy from us and we are not really in favour of direct subsidy to the book publishers for the sole purpose of publishing books.

I should like to deal with something that I didn't make very clear in the brief, and that is the distinction between the kind of books we deal with between textbooks, and trade books and periodicals. We should not exclude periodicals from consideration because about a third of any library budget is absorbed by periodical subscriptions. That may be unsatisfactory. A writer pointed out recently that nothing short of a miracle would change the situation where 90 per cent of the scientific papers remain unread by anybody except the author but, nonetheless, this is not likely to diminish. With rare exceptions, we don't deal in periodicals. By textbooks we don't mean books that qualify for short discount at the publisher's whim, but books which are largely factual compilations, really hack work produced to order and which are rapidly out-dated. It is no doubt an immensely profitable aspect of publishing, but we don't deal in it and I don't think we would publish it, nor do we really regard that sort of thing as having a serious future. We are concerned mainly with what we call trade books, although bibliographies and special works of this kind would nonetheless be classed as educational short-discount books by most publishers. I think it is of importance to distinguish between what is really an ephermeral

textbook and books which are more common in value on some other basis than the so-called short-discount or educational book as it falls into most classes by publishers.

I think that covers most of the points in the brief.

THE CHAIRMAN: What is it you think that this Commission might do or recommend to assist the members of your association in their efforts? What is your main view in this matter?

MR. WEINRICH: Our main drive is this: both in the antiquarian field and in the kind of publishing we have either done or contemplate, book selection is done by people on the faculty of the universities. It is really not done to any great degree by librarians. Faculty people are no better acquainted with the antiquarian trade than the man in the street is. My personal experience has been that where I have been able to visit libraries and discuss this directly with people, many library staff, in fact, I have been able to explain it to them, it is as simple as that. Most of this, because we are mostly one-man operations. We can't afford to take both the time and the money to visit because they occupy a considerable amount of time. It is not a question of going in with an attache case full of hand-outs and saying "This is what you

should buy". It is really a question of, indeed, as we have done, hold small seminars, groups, informal discussions, and that is time consuming. From our point of view, therefore, really direct grants to enable either representatives or, indeed, individuals to make this kind of educational field trip -- which is what it boils down to -- is probably the best thing we can do, from our point of view.

THE CHAIRMAN: What kind of money are you talking about, for example, what kind of budget are you looking for?

MR. WEINRICH: We have 25 members and I would say you could probably visit every university library, and most major public libraries in Canada for, let us say, $3000 for a total expenditure. If you multiplied that by every member; in other words, if you financed every member in the organization to make such a trip, it would be a large sum. I think ---

THE CHAIRMAN: Really, what you would be looking for is one person who would be able to do this sort of thing, really a sales representative, an educated sales agent?

MR. WEINRICH: Yes, that is true, but I think it would have to be more than one in that we are dealing with specialists in different fields in these faculties. My

personal field is political science and economics of the 19th and 20th century. There are other dealers who specialize in literature, English and American literature, and so on and so forth, and you therefore are talking to people who, in their field, faculty, are knowledgeable people and it isn't a question of a snow-job on them to persuade them to purchase one title as opposed to another.

THE CHAIRMAN: Thank you very much. We appreciate your coming very much.

SUBMISSION OF CARSWELL COMPANY LIMITED

THE CHAIRMAN: The last presentation today is Carswell Company Limited, Mr. Frank Hoare. We are glad to have you here, Mr. Hoare. We wonder if you might touch on the high points of your presentation and we will discuss it briefly with you.

MR. HOARE: Thank you, Mr. Chairman. First of all, I think I should point out that the Carswell Company is basically a law-book publisher. I believe you would know Carswell as having been in the law-book business for quite a few years. Most of our volume is in law books. The reason for presenting this brief basically is that our President, Mr. Morris Maxwell, is interested in the Canadian general book-publishing business, having

initiated a move into that six years ago, with the opening of our Methuen Publications Division. He felt that he would like to submit his views in that he is really about three-quarters employed with the parent English company, Associated Book Publishers Limited, thereby having close contact with the British publishing business, and he thought he would like to give his views which might be to a certain extent, enlightening in the Canadian problems.

First of all, I might say that our brief does not deal with the law-book publishing business. It is quite a specialized business and the problems are entirely different from the general and academic publishing area, so we do not discuss those. Mr. Maxwell has indicated that this brief is from the viewpoint of a foreign agency company, but I would like to point out to everyone assembled that there is a substantial minority interest in the Carswell Company, a very substantial minority interest held by a number of individual Canadians, and we must take those into consideration in operating the company. Their wishes are considered and respected. All of our senior executives are Canadians with the exception of our president. Most of these people, these executives, are Canadian by birth. Our publishing and buying decisions

are made by these executives who are given a free hand, our only real accountability, insofar as profit is concerned.

THE CHAIRMAN: Or losses. Have you had any recently?

MR. HOARE: Any losses?

THE CHAIRMAN: Yes.

MR. HOARE: Well, Mr. Chairman, you ask that and I must admit we have had not made a profit in our general and academic publishing division as yet.

THE CHAIRMAN: How long have you had it going?

MR. HOARE: Six years.

THE CHAIRMAN: An you hope to make a profit?

MR. HOARE: Insofar as it appears at the moment, we hope to make a profit in fiscal 1973, which is October 31st, 1973 year end. But certainly the problems of risk that 'have been pointed out by other speakers in this business, are great.

We would submit that, just in summary form, the nationality of the company has little, if any relevance to the problems of publishing in Canada. We feel that the problems are inherent in the country itself, the fact that it has a small population distributed over a very wide geographical area. It has a fragmented poorly-financed --

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it appears poorly financed to us -- book-selling industry and there is a distinct shortage of risk capital. We feel that certain areas cannot be denied and certain areas of publishing the nationality of the author is important, particularly in such subjects as biography, Canadian politics and history where a Canadian author is better able to produce a book on the subject than a foreign author.

In other areas such as fiction this is not necessarily so. In science and literature it is not necessarily so. The nationality of the author adds to the quality of the book. To the contrary, the quality of the book often is better when some of the authors are from some other English-speaking areas. Therefore, we say the considerations affecting authorship should not be applied to the publisher. The imprint on the title page has little or no bearing. We feel that, so far as books for the educational system are concerned, the remedies for the deficiencies in the present system are in the hands of the educational authorities. They have control over this and they can control and specify what they want.

Cooperation between the provinces in setting a policy for reading materials and subject areas of strictly Canadian content would be of enormous help to publishers.

As I think the gathering is aware, the educational control is in the hands of the provinces and it is extremely difficult to get ten provincial education ministers to think along the same planes, not to mention their respective staffs.

THE CHAIRMAN: Not to mention any other ministers.

MR. HOARE: Right. Our company does handle a large amount of agency work. Two-thirds of our sales in the general and academic book area are of imported books.

DR. JEANNERET: Imported from where?

MR. HOARE: Basically from England and a few imported from the other old Commonwealth countries like Australia.

DR. JEANNERET: Chiefly imported from your own firm?

MR. HOARE: Chiefly, but we have also acquired several other agencies in the last two years, both U.K. and the United States. We have been seeking out areas for publishing indigenous books, indigenous Canadian books. We have published some 40 books in the last four years. We do not do this from any preconceived ideas. We seek out the best authors we can and there are a large number of authors in Canada in the general and academic book field. It is a matter of sorting them out, more than anything else.

It is quite the reverse in the law field. There is a paucity of authors in that field. We think that ---

DR. JEANNERET: To what do you attribute that fact?

MR. HOARE: In the law-book field?

DR. JEANNERET: Yes.

MR. HOARE: The levels themselves.

DR. JEANNERET: It keeps them out of research?

MR. HOARE: It keeps them out of research and out of writing and in actual fact the university academics in the legal field, they tend not to write as well because their books will not be adopted by other academics. There is a natural amount of restraint in one university professor adopting another professor's books.

DR. JEANNERET: You mean they tend not to write because of that?

MR. HOARE: That is right.

DR. JEANNERET: I agree with what you are saying. I think it should be on the record.

MR. HOARE: Yes, we think there are distinct advantages for Canadian authors to write for United Kingdom companies. We, as a matter of fact, attempt to promote their books in other areas of the world, English-speaking areas of the world and we have sold up to 2,000 copies, as many as 2,000 copies, of Canadian books overseas.

Turning to the various proposals that have been made to overcome the problems of the industry we feel that some of these involving substantial expenditure of public monies are not likely to be acceptable nor indeed are they sensible. Politically expenditure of substantial amounts of money is bound to meet with some element of government control and we feel that is undesirable, and that the people engaged in publishing

the type of people that they are, will not accept that element of control.

We think that government support should not be in the form of a blank cheque nor should it be on a discriminatory basis. We suggest that it could take several forms.

DR. JEANNERET: What do you mean by discriminatory in that sense?

MR. HOARE: Well, we mean, for example, if a publisher who is not wholly Canadian has a project which should be developed and brought about and it is not economically possible to do so without a subsidy that the publisher, because he is not wholly Canadian, should not be prohibited from receiving government support. We feel that that would be discriminatory.

We think that several forms could be taken in giving government support. One would be by way of grants to authors. This is being done by the Canada Council at the present time as you are aware, but on a very minor scale. We think that this could be expanded.

Another one could be analogous to the subvention granted in Australia to compensate for higher production costs. This is a type of subsidy that is given to printing companies in Australia, at least to pay for printing costs.

DR. JEANNERET: To get them to use Australian paper?

MR. HOARE: Yes, but this could probably be put in in some fashion in the publishing business in Canada by giving subsidies to publishers on approved projects. Another could be a form of export bonus which, as you are probably aware, they have had in the United Kingdom as well based on a percentage of books exported in order to try and encourage Canadian companies to do more exporting of their books to other English-speaking countries.

MR. CAMP: It would not be re-export but export?

MR. HOARE: Export. This would be public books that are indigenous, Canadian public books. We feel that the industry should not expect to receive government assistance unless it is prepared to do something to help itself. We feel that the publishers are highly individualistic and creative people, we feel that smaller companies in Canada who are having problems should explore the possibility of setting up a co-operative distribution outlet. This has been done in England, in London. We feel that joint marketing efforts should be made in the United States and in the United Kingdom on a co-operative basis. We feel that in economic terms it is unrealistic to expect that the publishing industry in Canada can ever be purely Canadian at base and we feel in search of a solution to the problems in the industry the contributions which can be made by

foreign-based companies should not be overlooked. These companies have served Canada well in the past and can and will continue to do.

Briefly, that is the contents of our submission.

THE CHAIRMAN: I note on page 4 of the submission that there appears to be some substantial advantage for a Canadian subsidiary of, for example, a U.K. firm such as yours whereby a title which is, say, authored and published in Canada and through part automatic, if the line is saleable at all, have automatic access to the U.K. market through the part. Do you consider that this is a relatively important advantage or advantage at all which a strong link which you have with your parent corporation produces?

MR. HOARE: Well, I feel that there is an advantage but I don't think there is any strong advantage. The alternative to that is to sign an agreement with a U.K. publisher for distribution.

THE CHAIRMAN: An agent?

MR. HOARE: An agent, right. And I think we are by business contacts in dealing with our parent people there is an advantage in that we are familiar with one another, they know what our aims and objectives are and therefore in arranging the promotion programs in the U.K. it is easier to do that but certainly in some

areas depending upon the nature of the book, there may be other U.K. agents that are better able to distribute that book and will do just as good a job.

THE CHAIRMAN: This statement then that I am questioning you about really doesn't say very much after all. Is that what you are saying?

MR. HOARE: Well, let us say that it is easier to do this and the class of promotion it is easier to get into our parent company catalogues and through our parent company distribution channels in the U.K. with our U.K. company and they will pay more attention to our books than would a third party.

THE CHAIRMAN: You really mean what you say then?

MR. HOARE: Yes.

THE CHAIRMAN: On page 6 you say,

> "-- the contribution which can be made by foreign-based companies should not be overlooked."

I think that can be said in response to that particular request if you will or plea that so far as I am aware this Commission is not prepared to overlook the contribution which has been made and will continue to be made. Speaking for myself I am not as much concerned with existing publishers who are foreign-controlled,

most of them are in pretty good shape, so we are advised.

My real concern, or one of them -- there are many of them in this Commission's portfolio -- is with the potential disappearance of the purely Canadian publishers. That is the major factor that we must keep in mind. Please rest assured that the contributions which have been substantial of firms such as yours and other foreign-controlled companies and publishers in Canada will be in no way overlooked.

MR. CAMP: In your Appendix you describe the printing plant. This printing plant I believe is in Great Britain?

MR. HOARE: No, our printing plant is in Don Mills.

MR. CAMP: Do you print all your Canadian titles there?

MR. HOARE: Not all titles. We print most of our titles there but there are some titles, particularly when we get into the paper-back area that we are not equipped to handle in our printing plant.

MR. CAMP: In which case they would be printed where?

MR. HOARE: They would be printed at another outside printers such as Universal Printers in Winnipeg.

MR. CAMP: I am really looking for nationality here.

MR. HOARE: Oh, in Canada, yes.

MR. CAMP: All in Canada?

MR. HOARE: Yes.

MR. CAMP: Do you import books from Britain and change the face of the book, say, to put your own imprint on?

MR. HOARE: No, in cases such as that we have "Toronto" on the imprint page. The British company if they feel that the book is applicable -- as a matter of fact, in all our books now in the U.K. we have gone to putting on the imprint page, "London, Sydney, Toronto et cetera".

DR. JEANNERET: In that order?

MR. HOARE: I couldn't say that, I am not familiar with that.

DR. JEANNERET: Does Toronto ever come first?

MR. HOARE: I couldn't answer.

DR. JEANNERET: It is a highly relevant question. It is the difference between eligible for inclusion and not eligible for inclusion in Canadian Books in Print.

MR. HOARE: I am not familiar with that.

MR. CAMP: In the matter of export of Canadian titles, in a company such as yours which is international, your head office I presume is in the United Kingdom, is it?

MR. HOARE: The head office of the

United Kingdom is in the United Kingdom but the head office of the Carswell Company is in Toronto.

MR. CAMP: Would you make a generalization for us or a particularization for that matter in the matter of exporting books, who makes that decision, is it your risk or is it the head office's decision?

MR. HOARF: It is the London risk.

MR. CAMP: Therefore they make the decision?

MR. HOARF: They make the decision. If they feel the book is applicable for their market they take the risk.

MR. CAMP: So it would not be too perjorative to say in the matter of export of Canadian titles abroad as far as you are concerned your company here has no initiative in the matter?

MR. HOARF: Other than to inform the parent company that there is a possibility that this would be applicable to certain markets they are servicing.

MR. CAMP: Well, I agree with you, I think it would be unrealistic to expect the publishing industry in Canada, which is purely Canadian, but I gather you would go so far as to say that it is essential that there be a content of Canadian publishing in the publishing industry in Canada?

MR. HOARE: I would say that in view of the statements that have been reported in the press and concern in some quarters that if the situation is to be rectified then it is a matter of controlling the content or the authorship, laying down certain specifications, what books get onto circular 14 in the Department of Education and so forth and laying out the ground rules and then let everybody, including the people who are connected with the foreign companies or subsidiaries of foreign companies, have the same chance of competing to satisfy the market.

MR. CAMP: Would you say, though, do you know of any country in the world of a sophisticated temporary society that doesn't have its own publishing industry, whatever else it might have? Would you not consider it to be essential to the preservation of a nation's culture that it had an indigenous publishing industry or do you think it doesn't matter?

MR. HOARE: I think it is a matter -- it is essential to the nation to have an indigenous publishing, but I think that is different than indigenous publishing corporations that may be Crown corporations, or corporations in which the government has equity capital.

MR. CAMP: I think you covered that by pointing out the dangers. You wouldn't really recommend that?

MR. HOARE: I would not recommend that there be some sort of indigenous publishing companies underwritten by the government.

MR. CAMP: What you are saying is -- I am not badgering you -- you could have a publishing industry in Canada in which there was no indigenous, national ownership, but that it would serve the general interest, the cultural interest as well?

MR. HOARE: Yes. We are constantly on the lookout for indigenous Canadian manuscripts and if we see one that we feel will sell in the market, we will attempt to convince the author to sign a contract with us.

MR. CAMP: Really, in terms of what Commissions such as this might do, or a government might do, acting on the recommendations of the Commission, the attitude to all this is laissez faire?

MR. HOARE: I would say yes.

MR. CAMP: Just one more point to satisfy me in regard to my legal friends. You are saying the quantity of writing in regard to legal textbooks is, to use your phrase, very low in this country?

MR. HOARE: It is very difficult to get lawyers to write. We have badgered some -- you mentioned Warren Bannier a few minutes ago. We have badgered some authors and they have come through quite magnificently for us, but in comparison, I am just making a comparison with the general academic rule, it is much more difficult to get.

THE CHAIRMAN: You are in touch with the field in that sense?

MR. HOARE: Yes.

MR. CAMP: What percentage of the textbooks would you say are used in Canadian law schools? Is it a very high percentage of that then would be foreign produced, foreign authored?

MR. HOARE: I have no statistics on that, but I would say that there is a substantial percentage of foreign-authored books used in Canadian law offices.

MR. CAMP: Is their reason for that the state of the law or the curricula or the unproductivity of the Canadian legal profession, or both?

THE CHAIRMAN: Perhaps I could

help you on that. I will help you at the appropriate time. Go on and see if you can answer it.

MR. HOARE: I think one part of it is tradition, where our legal system goes back to the British system and the British are very prolific legal writers and writers of legal publications. There is just a different emphasis in the profession in Canada than there is in the U.K.

MR. CAMP: Who writes about Canadian law?

MR. HOARE: Basically, practising lawyers in their spare time.

MR. CAMP: From Canada?

MR. HOARE: From Canada.

THE CHAIRMAN: You see, is it not true -- I will ask the question, is it not true that the books that are used in the law as such by and large, come from countries which have the British legal system as their base, whether it is Australia, New Zealand, the U.K., Canada and the United States? The source of these books and the material in them can be relevant even though they are from all these countries because they come back to the Common Law and the statutes which are very similar to the mother root in the United Kingdom, but the fact is there is a good deal of writing by practitioners in Canada even

though they have to be badgered or beaten.

MR. HOARE: Yes.

DR. JEANNERET: I suppose we might possibly be left in some specialized field of law, take copyright, for example, if it is a Canadian work on copyright, you might very gladly get a manuscript from the late Harold Fox but if you are doing something in the field of international copyright, would a Canadian have as good a chance as Skone-James? I think this is the sort of thing that may concern some people legitimately, whereas, if it were a Canadian enterprise that was publishing, you will have to elbow out the late Harold Fox here for Skone-James.

MR. HOARE: I am not an expert on copyright.

DR. JEANNERET: In a case where perhaps a foreign author would have the advantage over a domestic author. However, without pursuing that you catalogue a few problems for the Canadian publishing industry and you mentioned the fragmented, inadequately-organized and poor-financed book-selling industry and, in relation to that statement you go on to say:

"There are indications recently that the position may improve since the arrival on the scene of entrepreneurs who are

genuinely attempting to set up a high quality book selling operation."

All I can think of here is that you are referring to ---

MR. HOARE: Classics and people like that.

DR. JEANNERET: I thought you were speaking of the lawyers being engaged in ---

MR. HOARE: There is more at the book-selling end there.

DR. JEANNERET: I think we made that clear and I am glad we made that clear, because that was ambiguous. I have dealt -- would you explain how buying around which you discussed, would affect your firm adversely? In part you answered this question when I asked you whether or not you dealt in the books of other publishers, only with respect to the books of other publishers, the bulk of your books, if they are bought around or bought from your own firm anywhere else?

MR. HOARE: You mean they come originally from our own firm, say, to an international wholesaler?

DR. JEANNERET: Yes.

MR. HOARE: The problem there, of course, is that this buying-around business

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is most pronounced in the library field.

DR. JEANNERET: We know that. The decision to purchase an edition abroad of your books in the U.K., for instance, I would like to ask you exactly where is the decision to publish made with respect to a book that might be published by a Canadian company?

MR. HOARE: Here in Canada.

DR. JEANNERET: Wholly? It does not have to await contract writing or anything else like that?

MR. HOARE: The local executive has the authority.

DR. JEANNERET: You said towards the end of your brief:

> "It is submitted that in economic terms it is unrealistic to expect that the publishing industry in Canada can ever be purely Canadian in its base."

What do you mean by that."in its base"? Do you mean it is necessary ---

MR. HOARE: We feel the English tongue is a tongue shared by several major countries in the world and, in order to have a cross-fertization of ideas, obviously some of the ideas are going to emanate from the United States and the U.K., and they are going to be interested in Canada, and they

will have a base here of some sort.

THE CHAIRMAN: You say that principle would apply to any country which has the English tongue?

MR. HOARE: I think it would apply to Canada and the U.K. if it weren't -- our reason for being was the United Kingdom. We are a young country. Maybe possibly in time we will have more influence on publishing in the United Kingdom. It is a matter of time.

THE CHAIRMAN: I want to go back to an answer you gave me much earlier. You said in one part of your discussion you are agents here for other firms from the U.K. and elsewhere?

MR. HOARE: And from the United States.

THE CHAIRMAN: Are the revenues that you obtain from that agency work, are they included in your profit and loss calculations of the trade book publishing or textbook publishing that you said was operating at a loss at this time?

MR. HOARE: Yes, they are.

THE CHAIRMAN: They are included?

MR. HOARE: Yes.

MR. CAMP: In the event you become an agent for a book published outside of Canada by another house, is there any change in the royalty structure to the author?

MR. HOARE: Where ---

MR. CAMP: What do you do as a general practice?

DR. JEANNERET: We are speaking of being an agent for a line, not a book.

MR. HOARE: We are agents for principals who are publishing a line of books.

MR. CAMP: Do you buy the rights to the book or do you simply --- perpetuate the contract?

MR. HOARE: We pay the royalty for the right -- say we produce the book in Canada?

MR. CAMP: Yes.

MR. HOARE: We actually print it here. It may be of such volume that we print it here and, in that case, we pay a licensing fee to the parent or our principal.

MR. CAMP: But the contractual relationship between the author and the original publisher is the same or not the same?

MR. HOARE: It is between the original publisher and the author. We have nothing to do with that.

DR. JEANNERET: It is a straight agency, standard.

THE CHAIRMAN: Thank you very much, Mr. Hoare. We appreciate your coming

and found your brief most helpful.

MR. HOARE: Thank you.

---Adjournment

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